

Saturday Night

Canada's Magazine of Business and Contemporary Affairs

AUGUST 5TH 1961

20 CENTS



Why Do Today's Drugs Cost So Much ?



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Saturday Night

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INSIDE STORY

THE COVER: Technician at work in a Canadian pharmaceutical plant.

Drug prices — and therefore drug manufacturing and selling practices — are in the public mind these days. **C. Arthur Law**, Editor of *Chemical Processing Magazine*, provides the background to enable the intelligent layman to reach some sound conclusions. The old bugbear of U.S. control may be, he suggests, responsible for some of the difficulties in Canada.

From hymn singing to vigorous political infighting the Social Crediters recently completed the convention ritual of a "national" party. With a new leader — Dr. Robert Thompson — a detailed platform and their continuing strange blend of conservatism and doctrinaire ideology the Socreds have their eyes again fixed on Ottawa. **Arnold Edinborough**, who also addressed the convention, reports the goings-on and shrewdly notes that much of what was funny money doctrine in 1935 is now economic orthodoxy.

Despite the open blandishments of President **Kennedy** at his State Visit to Ottawa, the vision of Canada — under Prime Minister **Diefenbaker** — has remained distinctly dim on proposed membership in the Organization of American States. **Kenneth McNaught**, Contributing Editor on International Affairs, argues with historical logic that is the proper state of affairs for this country. McNaught, Professor of History at the University of Toronto is currently teaching at the Summer School in Bermuda conducted by Queen's University.

From Australia, **Harry E. Mercer** contrasts that country's highly-satisfactory post-war immigration scheme with the somewhat bumbling practices of Canada. "Rarely has personal experience", he writes, "provided me with as much first-hand material: Twelve months working and living with migrants in New Zealand; employment for about the same period as an Immigration Officer at Australia House in London; migration to Canada where I spent several rewarding years, and then back to an Australia, obviously enriched culturally and materially by the 1,700,000 newcomers who have settled there since the war."

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Letters

The Globe Magazine

"Comment of the Day" in your issue of July 22 says this of *The Globe and Mail*:

"Is clearly apprehensive about its own weekly magazine which is, according to its masthead, published from Room 1288, 33 West 42nd Street, New York. (This protects its liquor advertising)."

If only the author had telephoned to check his facts, he could have learned that the *The Globe Magazine* was printed in New York originally only because there was no printer available in Canada at the time. The first liquor advertisement did not appear in the magazine until months later and only then to test the validity of the evasion SATURDAY NIGHT was engaged in.

Again, if the author had checked in his own office, he would have found that neither *The Globe Magazine* nor SATURDAY NIGHT has had any need to protect liquor advertising since the new code introduced by the Government last fall.

I must also protest most strongly the suggestion that we are apprehensive about *The Globe Magazine*. On August 5 the Magazine will be printed in Ontario by Murray Printing and Gravure Limited, after nine months of negotiations and arrangements, so that I cannot understand why we should be apprehensive about the O'Leary Commission report. . .

The Globe and Mail J. L. COOPER
TORONTO Executive Assistant

News and Duty

I note that you state in the current issue of SATURDAY NIGHT that *Time* magazine is read in Canada solely for amusement. I also note that you devote your entire last editorial page to a long complaint by your Montreal correspondent about the lack of press releases issued at the recent royal and learned societies meetings here.

All these meetings were open, and a full program was distributed in advance. I note that a full report of one of the most important seminars was carried by *Time's* "Canada edition" on June 23.

I would suggest that instead of whin-

ing and complaining about the lack of spoon-feeding, your reporters get out and work. I would also suggest that Canadians read *Time* for its full coverage of important news, SATURDAY NIGHT as a rather dreary duty.

MONTREAL

JON ANDERSON

Mauled Affairs

Brian Cahill's "Point of View", [What the Learned Societies Should Learn, SN July 8] pre-supposes that reporters have a much higher standing in general knowledge than is exhibited in their articles; and further, that newspaper reporters in particular are not at the mercy of city editors whose sole concern seems to be "circulation through sensationalism".

Learned Societies are not the only groups who balk at having their affairs "mauled" in the Press; even the Vancouver City Council has barred the Press from some of its meetings. Individuals, as well as groups, will be much more tolerant of periodicals when stories are reported more intelligently and editors learn that there is no long term value in distortion.

VANCOUVER

W. G. CHAPPELL

Fuzzy Rocks

On the second page of your issue of July 8, you have an ad which states "Readership." This word is then defined as an act, a collective state of mind, a publishing quarry that varies from page-to-page and issue-to-issue.

This kind of language must be that of an ad writer with a fuzzy mind or someone with rocks in his head. Perhaps that is why one of the definitions is a quarry.

TORONTO

F. C. STINSON

Bad Business

Anthony West's article, "Europe Thinks the U.S. Old-Fashioned", [SN July 8], is very good as far as it goes, showing the utter stupidity and ineptitude of American political processes, as illustrated in Alabama and other places in the U.S.A. He might have touched on the, to me at least, American worship

of "System" (?), and the "Organization Man", the mindless symbol of "Management Enterprise" which has replaced, political and other speakers notwithstanding, "Private Enterprise", as I understand the latter definition.

Once upon a time, as the fairy tales put it, orders for parts or material were filled, now they are processed. There is quite a difference. When a Parts Dept. filled an order, it was usually shipped from the factory in from 24 to 48 hours from date of receiving. Now, according to a letter I have from a large American corporation, signed by the Service Manager, it takes from eight to ten days to "process" an order after it reaches the factory.

What used to take a week, now takes anything from three to six weeks to reach my desk. Also, there is, with a few exceptions, the utter disregard on the part of department "executives" to legitimate inquiries regarding their product. That word, "executive", covers a multitude of sins of sheer incompetence on the part of those designated as such.

Of course there are no more "typists" or "office boys"; they have become "secretarial assistants" or "junior executives". Oh yes! they may have a college degree, or high-school certificate, but outside of that, they know absolutely nothing about the job they are supposed to handle.

It would never do to put one of these new "executives" through a five-year apprenticeship in a machine shop, or start the "junior executive" as a floor sweeper and waste-basket supervisor!

In the engineering plant in Scotland where the writer served his apprenticeship over half a century ago, the head of the firm, Mr. Davis, could, if needed, undo his gold cuff links, roll up his sleeves, and do any job, machine or otherwise, that any of his employees could do. Did we respect that kind of boss? Your damned right we did! There were no stuffed shirts on his board of directors.

By comparison, some time ago I read an article in *Italy Presents*, describing a type of machine of ingenious design, and wrote to the makers for further details, making it clear that I was not a prospective buyer, but only interested in the engineering feature as outlined in the article. To my surprise, I not only received a most interesting letter, in perfect English, but

most comprehensive descriptive brochure covering the engineering advances on the machine in question.

Three weeks ago I wrote to an American firm asking if they could supply replacement parts for one of their products. I am still waiting for a reply! Talk about "bad manners"! Not to mention "bad business". Or is it a case of vulgar arrogance and ignorance? Maybe you can tell me.

MONTREAL

J. NAPIER

Sticking to the Point

CANADA MUST NOT ACCEPT NUCLEAR ARMS

This statement on the cover of a recent issue of SATURDAY NIGHT makes an excellent sticker for the side window of my car.

As I drive through cities and the countryside, I find it the subject of much favorable comment and interest. I suggest that all subscribers to SN stick this cover on their car windows, and that those who are not subscribers request a copy. . .

MONTREAL

MARION CATTO

No Lake-Size

In your July 8 issue, Dean Walker, in his article on New Zealand states "in a country the size of Lake Ontario."

I can't think that geography is one of Walker's strong points. *Hammond's World Atlas* gives the area of New Zealand as 103,934 square miles and of Lake Ontario as 7,540 square miles — this makes the area of New Zealand nearly fourteen times greater than that of Lake Ontario.

TORONTO

JOHN TOWNEND

RCMP Intelligence

Raymond Rodgers' article of June 24 on the RCMP is a fine example of educational snobbery and misconception.

To state that the basic educational requirements for entrance to the force is a grade ten education, is quite wrong; grade ten is simply a prerequisite in making application and by itself is no guarantee that the applicant has sufficient knowledge for entrance. Many of much higher academic standing fail to pass the examination test. The grade ten is a farsighted provision in that it does not disqualify an applicant with brains who possibly did not have an opportunity to obtain a higher education.

Evidently Rodgers' view is that anyone having a university education must be competent. Had he shown that uni-

versity graduates had made better investigations than others he would have scored a point. He also does not show that they have better judgment.

In speaking of intellectuals it would be interesting to know in whose judgment these vaguely-described individuals are intellectuals — it is to be assumed it is their own. There is only one true method of proving ability and that is by trial and error. University education by itself is no guarantee of wisdom, its true value is that it provides a good start to become wise.

If there is anyone in the public service that has proved his merit it is Commissioner Harvison. Rodgers' article, captioned "Wanted: Intelligence in the RCMP", with commissioner Harvison's picture underneath with no further reference to him is something less than justice.

[Justice Minister] Fulton explained things simply and intelligently.

SASKATOON

R. S. PYNE

Wanted: Intelligence

Your Raymond Rodgers' recent article on our scarlet-dressed but not too educated and deplorably ill-bred mounties is the most accurate and truthful account I have ever read. On which occasion allow me to offer you and Raymond Rodgers my most hearty congratulations. An extra congratulation for the bold but pertinent title of the summary!

MONTREAL

J. P. FRASER

Unions and Churches

Frank Drea, in "Right-to-Work" [SN July 8] is making use of "terminological inexactitudes," either to invite repartee, or to becloud the issue. Why does Drea want SN-subscribers, obviously not the working man, to believe that it is, "an open secret that industrial unions . . . permit workers with religious prejudices or other well-documented beliefs about union membership to maintain their jobs?"

I am sure it will not be difficult to prove that this is not so. I can get statements from hundreds of workers who have been compelled to join the union or lose their job, even though these men are convinced that membership in the union is incompatible with membership in their Church. Union meetings, where important issues are decided by vote, are usually held on Sundays so that conscientious Christians cannot attend unless they desecrate the Lord's Day.

To attend such meetings is further



Canada's First Quantity Token Issue...



To augment the short supply of currency in Lower Canada, penny and half-penny copper

tokens were issued during the first half of the nineteenth century. Between 1837 and 1844 the Bank of Montreal issued large quantities of these tokens which are quite common today and have little value. Exceptions are the famous Side-View issues dated 1838 and 1839 showing the bank's head-office building at an angle. A Side-View penny might be worth as much as \$75, depending upon its condition.

Canada's First Real Money

Canada's first real money, in the form of bank notes, was issued by the Bank of Montreal—Canada's first bank—when it opened its doors for business on November 3, 1817. With the passing of the Currency Act in 1841, B of M coins became recognized legal tender of Canada.



BANK OF MONTREAL
Canada's First Bank

SD-275



WHY MEN OF RESPONSIBILITY USE TRUST COMPANY SERVICES TO CONSERVE ASSETS FOR PERSONAL AND FAMILY SECURITY

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made useless because no member is permitted to base any argument on the principles of the Christian religion. The Bible may not be quoted to prove union policy wrong. In such ways union leaders make sure that members who are Christians cannot have a voice in determining policy, yet they are forced, not only to maintain membership in such organizations, but also to pay dues.

It is true that dues paid by such conscientious objectors have been paid to charities, but that was stopped many years ago. I am sure that Drea knows these things, so I am wondering why he deliberately makes such untrue statements.

Again, Drea says, "... much of the turmoil surrounding compulsory union dues comes from a church group, members of the Christian Reformed Church . . . Dutch immigrants, (who) favor the denominational type of union found in Holland and vehemently object to belonging to Canadian or North American style unions . . ."

I realize that Drea is probably ignorant of the facts and very careless in the choice of his terms. Neither in Holland, nor in Canada or North America, does the Christian Reformed Church sponsor "denominational" types of unions. The creed of this Church is identical to that of the Presbyterian Church, the main difference being that members of the Chr. Ref. Churches are more thoroughgoing in bringing their convictions to bear on the issues of daily life.

It is certainly wrong to create the impression that members of the Chr. Ref. Church object to "Canadian or North American" unions, as if there is a national or continental bias. Their objections are against the non-Christian, the un-Christian, the anti-Christian philosophies that undergird these Canadian (and U.S.) unions.

Leaders in the Chr. Ref. Church, both lay and clergy, realize that the social problem of labor relations is a problem of the first magnitude. They further believe that the only possible solution lies in the application of the teachings of Jesus Christ, the great champion of all justice. An organization that seeks to apply these teachings should receive support and encouragement from every Christian in Canada as elsewhere.

I could wish that men with talents and reputation such as Drea, would use their influence to further the cause of an organization that has the answer to all human problems, also to that of management and labor.

JACOB W. F. UITVLUGT
BOWMANVILLE, ONT.

Comment of the Day

No Election Needed

DURING THE SUMMER recess both Liberals and Conservatives should take a long second look at the Coyne affair. For either to make it the basis of a Fall election would seem to be unwise.

What are the salient facts about the Coyne business? On the credit side for Coyne one can say that he acted like any other big business executive. He tried to make his situation (and those of the other top men at the Bank) more secure by arranging a pension large enough that dismissal or resignation would not be a financial disaster. And money sure to come in even after resignation makes the upholding of principle leading to such a resignation easier.

Again, Coyne thought that the fiscal policy of the government was so nebulous that monetary means were being used to effect some short term easements. He therefore decided to have a crack at fiscal policy himself. This also is the mark of a good businessman. If your own institution is hampered by indecision on the part of other institutions connected with you, it is only natural that you try to exert influence on your own institution's behalf.

On the debit side, Coyne acted as a policy maker not as a policy follower. This is a cardinal mistake for any civil servant whether he be in the special preferred class like Coyne, or just an ordinary deputy minister.

Again, he did violate the confidence of his employers. When a man will read into public testimony a document marked private and confidential, he is not likely to be highly regarded by any board of directors, public or private.

Above all, it is clear that Coyne could not work with Fleming and since Fleming is the boss, Coyne had to go. Which brings us to Fleming.

On the credit side it must be said that Fleming was determined that the elected representatives of the people should run the people's affairs. He has long held this view and was, during the infamous pipeline debate in 1956, named by Mr. Speaker and excluded from the House because he protested too violently against the Liberal dragooning of the Opposition, which whatever the numbers of seats it has, does represent a large part of the population of this country.

Again, Fleming's party is the party of big business and his budget was designed to give some incentives to individual sectors of business, and to make it easier, by depressing the exchange rate, for exports to be competitive abroad, particularly in the United

Drill in the Grill

("Several restaurants in East Berlin are now offering their patrons an unusual inducement: rifle practice during the dinner hour."—News item.)

THE BOURGEOIS Canadian

Likes quiet with dinner,

Unlike the less sensitive

Eastern Berliner

Who fires his rifle

And eats what they've brought,

Then, with cash on the barrel,

He pays the shot.

VIC

States. This, though a political move, is not irresponsibly so. It may in the long run be economically right.

On the debit side, he was zealous to the point of persecution in his pressing for Coyne's dismissal and allowed himself to be used by his own party for less high-minded political purposes than he himself had.

On a much smaller issue the Conservatives, therefore, found themselves fighting the same kind of battle as the Liberals fought over the pipeline. The only difference is that the Senate, which is co-equal with the Commons in Parliament, refused to allow the Conservatives to get away with it. (It is interesting to speculate whether, if the Senate had been Conservative in 1956, it would have tossed out the pipeline bill).

But both sides will find themselves in difficulty if they try to base their election platform on the Coyne affair.

In the first place, Mr. Diefenbaker has consistently upheld the rights of Parliament and the rights of the individual. The Senate, although acting politically, also acted constitutionally. Can Mr. Diefenbaker really base a case against them without denying the principles he has held and expounded for so long? And as for any Prime Minister campaigning to abolish the Senate — that is unlikely. Appointment to the

Senate is one of the richest plums of patronage which a Prime Minister personally controls.

If Mr. Diefenbaker goes to the country on economic policy he is also likely to run into trouble if he takes the Coyne affair as the keystone of his campaign. In the first place, Coyne stands for the rights of Canadian industry and the Tories have always been protectionists to some degree. They can't disagree with him about that then.

Second, Coyne opposed the devaluation of the Canadian dollar. There will be hundreds of thousands of ordinary people who in September will think he had a point — they having just come back from holidays in the United States where they had to buy American dollars at a premium.

Third, if he bases some part of his campaign on the saving of taxpayers' money against the rapacity of Coyne, the Opposition parties can make hay. They will enjoy showing how this \$12,500 is being used as a diversion to hide a deficit of over a billion dollars. Truly a gnat being strained at while the elephant walks slowly by.

The Opposition is in no better shape. If they argue for the Senate and parliamentary supremacy, the pipeline will come back to haunt them. They will also divorce themselves from the interests of the common man if they argue vehemently in favor of the present senators, for many of whom the \$10,000 a year senatorial salary is just pin money. For the Liberal man-in-the-street it would be riches.

If they argue for the Governor's economic policy they will equally get into a box, since Coyne's program, while some of it makes good economic sense, certainly makes a hash of some political expedients with which any government has to contend.

And if the Liberals find themselves wishing for an election on the other matter before the Senate — the class or kind clause of the tariff bill — they will have to be careful of the past again. C. D. Howe's powers under the constantly renewed war emergency measures act, will quickly trip them.

There are many matters on which a change in government could be urged — our alignment with Britain and Britain's entry into the European common market; our defence posture

Do you know your British Woollens



There's no hair like Mohair

To begin with, "there ain't no mo," with or without hair. The word mohair comes from the Arabic word "muk-hayyar" meaning choice or select and it is used to describe the lustrous fibres of the Angora goat. Blended with light weight worsted yarns, the crisp and wiry fibres of mohair weave into a tropical cloth that stays cool and practically unrumpled throughout the hottest summer days. For cool weather, heavier weight mohair-worsted cloth provides the natural warmth of animal fibres. Because mohair fibres are rare and require special skill in processing, mohair fabrics represent a luxury, which once enjoyed, become essential to the well-dressed man.

Before you select your next summer suit, have a look at the variety of British Woollens available at your tailor's or clothing store. Since only the finest fibres can be used for mohair cloth, it is really a question of separating the chic from the goats!



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vis-a-vis the United States; our colossal waste on defence spending; the inability of the present Government to deal with unemployment and our continuing domination by United States money and power.

These are the factors on which a party wishing to get into office should base its campaign; these are the areas in which the present Government needs to make some advances before going to the people. The Coyne affair, compared with these, is trivial and will, by September, we hope, be so considered.

History on the Ground

WITH THE AWFUL example before us of what the American publishers have done to greet the centenary of the Civil War we should start to brace ourselves for the inevitable flood of Canadian Centennial volumes now being quietly commissioned. And a very good brace to sustain the reader against such pressure now is *A Historical Atlas of Canada* edited by Professor D. G. Kerr for the Canadian Historical Association, and published by Thomas Nelson (\$5.00).

This excellent collection of maps starts with the coming of the Indians and Eskimos across the Bering Strait some twenty thousand years ago, jumps quickly to the Vikings and then to the Age of Discovery. The voyages of these intrepid early mariners are clear in modern redrawings, skillfully done by Roy Petticrew, of the maps which they either brought with them or constructed after their explorations.

Then come the overland journeys of the great fur traders and their surveyors. The journals of these people will doubtless get their play in Centennial publishing.

There is also a striking map of the distribution of Indian tribes and their linguistic families which shows, by the expert use of color, how well dispersed these linguistic areas were. No longer does one wonder how an interpreter taken on in the Gulf of St. Lawrence could prove to be useful right to the foothills of the Rockies.

When the country had been opened up for trade, the wars to control it came and, after them, the peaceful colonisation of the country by the spread of road and rail communications. To flip quickly through these pages is to see Canada expand and unify before one's eyes.

No student of history can afford to be without this book which is cleverly organised, expertly drawn and beautifully produced. No reader who is, even unwillingly, going to be part of the Centennial can readily ignore such a faithful friend.

Stratford Pirates

AS BEFITS SUCH a piece, the current production of *The Pirates of Penzance* at Stratford is rollicking; as befits Sir Tyrone Guthrie's skill, the direction is inventive, fast-paced for the most part, and with a neat twist at the finale.

To those in the audience (and they must be the great majority) for whom Gilbert and Sullivan means the well-intentioned but often excruciating productions by school glee clubs, this is a treat. The cast, including Irene Byatt, Alexander Gray and Howell Glynne in supporting roles, with Harry Mossfield (Pirate King), Andrew Downie (Fred-eric) and Marion Studholme (Mabel) as the principals, sings magnificently. And, indeed, so they should. All have had experience with much more difficult roles than these in much grander opera.

The orchestra, under the direction of Louis Applebaum, plays equally well in support. And so they should. They are, after all, the National Festival Orchestra who on Sundays tackle the complexities of Richard Strauss and other more exacting composers than Sullivan ever was.

There was, as a result of all this, the disloyal thought in one listener's mind, during a rather flat ten minutes or so in the second act, that this was too much talent being lavished on a palpable box office hit. Do G. and S. really need such a prodigal array of talent? Is *The Pirates*, apart from ticket sales, worthy of such concentrated effort? The story, after all, is tedious, the music somewhat repetitive and the parodying of the English Hymnal is not everlastingly interesting to Canadian ears.

But such thoughts are disloyal. After all, this is, apart from Guthrie, Gilbert and Sullivan, a Canadian production and it is going, when Stratford closes it, to the Phoenix Theatre in New York and then on tour through the States until just before Christmas. Then, according to Guthrie, "early in 1962, after a brief period of rest, the company will revive *HMS Pinafore* and present it, together with *The Pirates*, in London and the principal cities of Great Britain."

Nothing like the old ideas of Empire in song to weld together the new Commonwealth of art in spirit.

Good Clean Fun

WE WISHED that we had made the remark we overheard recently: There was so much dirty linen being washed in public there, that the Senate Committee on Banking and Commerce was just like a Coyne laundry.

The Great Debate on Drug Prices

by C. Arthur Law

THE BUSINESS OF MAKING prescription drugs has never been an easy one. The men who run our pharmaceutical houses have always been obsessed with (they would probably prefer the words: devoted to) hurrying their products from the laboratory to the patient's bed, for they can never be sure that a discovery will not be superseded by another before the research investment has been recouped.

Now to add to their uneasiness is the unsympathetic glare of the general public. The spillover publicity from the Kefauver committee hearings in the U.S. has been followed by deliberations of the Ontario Select Committee on Drug Prices and an official investigation by the Restrictive Trade Practices Commission now under way across Canada.

The drug manufacturer indignantly states he has lived up to his "calling" as a dedicated servant of mankind, functioning both as a businessman and as part of the "medical team." If drug prices are high, as is the contention of the investigators, this is so because the efficacy and guaranteed quality of the newer therapeutics come at great cost.

Some are skeptical of this defence. Put crudely, the charge is that the industry by "crying research and quality control, is able to spend one dollar for research, spend three dollars telling the public about it, and charge the public ten dollars for the privilege of listening."

It is true that the "medical team" play according to ground rules agreed upon many decades ago. The drug house has the responsibility of searching out and manufacturing new pharmaceuticals, the sale of which it controls by virtue of the patent laws. The physician has to be convinced of the product's merits; the pharmacist then dispenses it at a "suggested" list price set by the manufacturer. The druggist's profit is in the form of a discount on the list price plus a professional fee.

This may have proved a very neat arrangement, but it is being challenged both by outside circumstances and by the very evolution of chemotherapeutics. The major challenges:

(1) Quickening pace of obsolescence has slimmed profit margins that looked

comparatively plump a few years ago;

(2) Breakdown of the patent system in certain countries, notably Italy and Denmark, has created the problem of "bootleg" pharmaceuticals imported at low cost;

(3) A growing profusion of discount houses, doctors' private dispensaries, prepaid prescription plans and large-volume competitive buying by government agencies tend to undermine the price structure;

(4) Government medical plans in the offing promise to completely shuffle the lineup of the medical team;

(5) The most immediate threat, however, is the widespread criticism of the very ground rules themselves. Individual grumbling about the price of an antibiotic tablet has been transformed into a general suspicion of the basic motives, as well as the efficiency, of the drug industry.

What is the justification for an industry that must by definition carry the stigma of profiting from pestilence? (A flu epidemic may mean all the difference between a boom or mediocre year in drug company sales).

"In any other business," says J. B. Frosst, who now presides over the Charles E. Frosst firm, "the justification would be that we make what people want. But that's not enough.

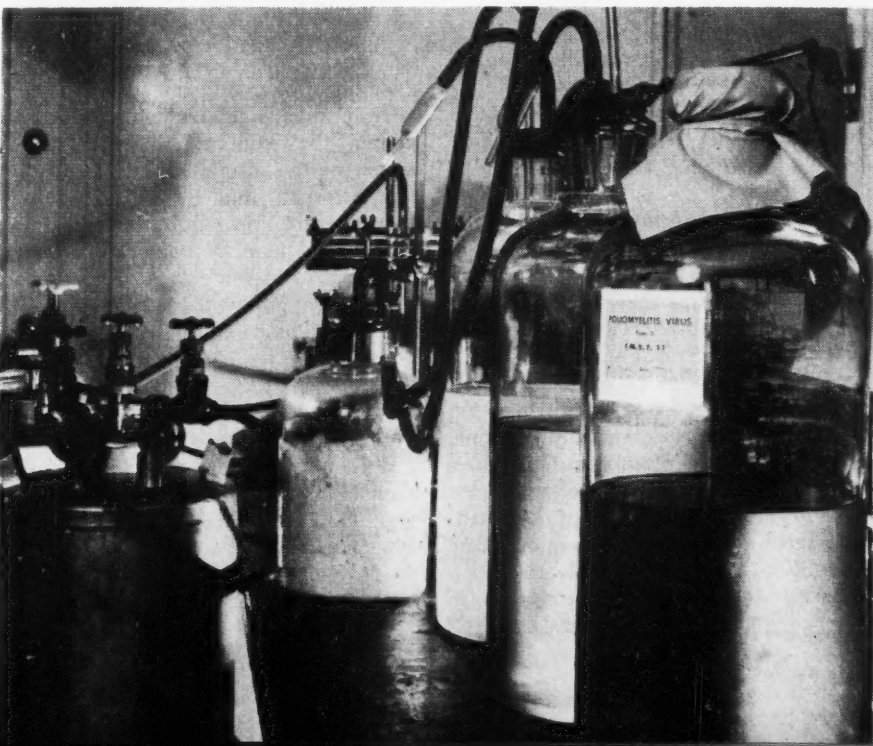
"It's not even enough to say we exist

to make reliable products—100% reliable products—although that's important. We also exist to provide new drugs. The old medicines we sold were palliatives that you might describe as having a shotgun effect. Now we have new drugs that are like bullets in their safe, efficient and specific action to counter disease."

Research, then, is the *raison d'être*, and \$220 million is spent annually for this purpose by private industry in the United States. Manufacturing costs themselves are only a small part of the total, the drugmaker argues. Somebody has got to pay for the search for new drugs, be it successful or not, and the payment is built into the price, along with promotion, quality control and administrative costs.

Drug companies, whether they are centred in the U.S., Britain, Switzerland or France, devote 5 to 10 per cent of their income to the chemical synthesis, pharmacological screening and clinical testing of known and unknown compounds for different ailments. Discoveries are protected by patents, and the drug house then proceeds to market its product on a worldwide scale, unless the patent law peculiar to a country gives it no protection or requires it to make licensing arrangements.

The price bears little relationship to



Raw tissue culture fluid containing polio virus is clarified in the lab.



Experimental research, constant checking of quality, adds to drug costs.

the cost of materials. It is calculated in terms of the product's importance, the portion of corporate expenditures (including research) it can carry and the amount of profit the company thinks it needs to satisfy its shareholders and to provide for future endeavors. It might even be what the traffic can bear.

Because of the dominant position of U.S. companies, the price level in Canada parallels that south of the border with an additional surcharge to offset our 11 per cent federal sales tax.

Several countries, including Canada, have written in "compulsory licensing" provisions in their patent legislation to prevent a perpetuation of monopolistic control. The pertinent clause in our Patent Act reads:

"in the case of any patent for an invention intended for, or capable of, being used for the preparation or production of food or medicine, the (Patent) Commissioner shall, unless he sees good reason to the contrary, grant to any person applying for the same, a licence . . . and, in settling the terms of such licence and fixing the amount of royalty or other consideration payable, the Commissioner shall have regard to the desirability of making the food or medicine available to the public at the lowest possible price consistent with giving to the inventor due reward for the research leading to the invention."

The director of investigation of the Restrictive Trade Practices Commission in Ottawa drew attention to compulsory licensing, charging that it is rarely invoked, presumably because there is a gentleman's agreement among the major drug houses not to take advantage of it. These companies in turn argue that compulsory licensing encourages some manufacturers of pharmaceutical products to sit back and wait for research to be done by others with the comfortable feeling that if a new wonder drug is invented they will be able to obtain licences for its manufacturing. In

other words, some would be "sucking the blood" out of research by others.

There are other limits to monopoly price, and the manufacturer knows this full well. Inevitably another firm hurdles the patent barrier around a particular product by introducing some variation of the drug. Almost every drug has thus come down in price within a matter of a few years. The tags on tetracycline broad-spectrums, for example, have recently been lowered. (What Kefauver has objected to is alleged collusion between competing companies, supposedly using cross-licensing agreements as the means to fix prices.)

But the indictment isn't limited to monopoly price. To restate the thesis of some of the sharper critics: Foreign control of the drug industry may give us research we couldn't afford otherwise. But we pay for this research in the price of the product, and at the same time deprive ourselves of a full-grown research effort in this country.

The \$2-3 million we spend here is a puny amount, and the proof is in the failure to make many contributions to the world fund of knowledge. After insulin, which didn't come out of a private lab, what have we got that is distinctly Canadian?

And take our archaic distribution system, they continue. We have to pay more for the druggist taking a product off the shelf than for the discovery, manufacture, promotion and distribution of this item to the retail outlet.

The drug manufacturer doesn't concede these points for a moment. The industry's association has bulked together statistics showing that (1) the average Canadian is spending an increasingly smaller portion of his income on drugs and that (2) the industry is not making exorbitant profits. Consulting economist Brian Dixon told the Ontario Select Committee that pharmaceuticals, a high-risk industry, is only netting 6.3 per cent on sales (10 per cent on net worth) whereas

beverages, tobacco and one or two others have after-taxes earnings of more than that.

As for the disparaging remarks about Canadian research, the industry would contend that fundamental discoveries are extremely rare so that no country or community can have a monopoly on these. Applied research, while less glamorous, does put fundamental discoveries to practical use, and in this area Canadian enterprise has not lagged behind others. Examples cited are Frosst with its anticoagulant *Danilone*; Ayerst with its estrogen, *Premarin*.

It is not surprising that the reforms suggested by industry critics revolve around the brand-name and patent privileges enjoyed by the big drug houses. Says the Henry Report* explicitly: "the fact which makes high prices possible is the patent control exercised over such drugs."

This "monopolistic situation" could be legislated out of existence by removing the right to patent drugs. Few would recommend such a course of action, since (if applied on a worldwide scale) this would remove the incentives that foster private research.

Short of legislation, the patent position can be stormed in a number of ways. Mention has been made of the compulsory licensing clause already written into Canadian law but rarely used (probably in deference to its opposition by parent companies in the United States).

But even with the suppliers that exist today, price competition would be stimulated if the physician chose to prescribe drugs by their generic name (which describes the product's chemical nature) rather than by the company-chosen trade name. Given this authorization, the druggist could conceivably choose the cheapest of the available generic type.

The doctor, however, has been reluctant to utilize this prerogative. Quite rightly he is more concerned with the quality guarantee of the drug he prescribes than with any savings that might accrue to his patient. The trade name assures him that the product comes from a reliable company.

The big drug companies capitalize on this concern to emphasize the quality control measures taken by them at every stage of production, and to suggest as suspect the generic drugs made or distributed by lesser firms. Every case of counterfeiting drugs or of faulty technique in improperly equipped laboratories strengthens their conten-

*Report by the Director of Investigation and Research to the chairman of the Restrictive Trade Practices Commission, February, 1961.

tion that lower-cost generics aren't worth the risk.

The issue has been joined because a fair quantity of imported "bootleg" drugs are now on the market. Since Italy and Denmark provide a haven for pharmaceutical manufacturers skilled at duplicating the patented discoveries of the international drug houses, these countries have been the major sources of generic drugs brought in by importers such as Jules Gilbert.

This is in seeming contravention of

the Canadian patent laws, and Gilbert is at present faced with ten suits entered by Parke Davis, Poulenc, Pfizer, Schering, Horner, Hoescht, American Cyanamid, G. D. Searle and Ciba.

But until these suits are settled, Gilbert is able to sell his generics at a quarter or a third of the trade price of the corresponding trade-named products. The typical drug manufacturer vehemently denounces his generic competitor:

"The generic drug manufacturer is

content to sit back and let someone else do all the research, development, clinical testing and promotional work. When the product has been established as acceptable to the medical profession; when he sees there is a demand for it, then — having spent no money on the product — he proceeds to go into production. And his only cost is for the raw materials. Under these circumstances, it is not surprising that he can undercut the brand-name manufacturer."

What Does "Ethical" Mean in the Drug Trade?

SINCE DRUGS to the layman can mean anything from narcotics to the products adorning the shelves of the local pharmacy, some definitions are in order. The druggist makes a distinction between "ethical" and "proprietary" drugs, although neither represent a homogeneous class.

"Ethicals" are subject to the Food and Drugs Act enforced by the Federal Government. They cannot be advertised to the general public, whether requiring a doctor's prescription or not. Therefore, it is the fact that they are promoted only to the physician or pharmacist and sold through a dispensary, that makes them "ethicals" of either the prescription or "over the counter" variety.

Proprietarys, on the other hand, are so called because the bulk of them are private formulas registered under the Proprietary or Patent Medicine Act. Single drugs like acetylsalicylic acid (*Aspirin*, *Acetophen*) are not registered under the Act, but are included in this class. These products *can* be promoted to the general public (since they contain no narcotic or prescription drug) and can be distributed by retail outlets other than drug stores.

Ethicals have dominated the pharmaceutical industry, particularly in the last 20-25 years. Ever since the international government-industry wartime effort costing \$25 million put penicillin on a mass production basis, the "wonder drugs" have multiplied in their number and effectiveness. The major classifications are:

● **Antibiotics.** After penicillin came streptomycin, first of the post-war antibiotics which revolutionized treatment of tuberculosis. The "broad-spectrums" followed: Aureomycin

and Chloromycetin in 1947, Terramycin in 1949, Tetracycline and Erythromycin in 1953, Oleandomycin and Novobiocin in 1958, Declomycin and Syncillin (synthetic penicillin) in 1959.

Penicillin and streptomycin were the first to be actually made in Canada (though Ayerst, Connaught and Merck have closed down their fermentation units because of a slump in world penicillin prices), but now Aureomycin and chloramphenicol (the generic equivalent of Chloromycetin) are basic here.

Most of the major houses offer antibiotics. Cyanamid, Parke Davis, Pfizer and Upjohn are recognized leaders in broad-spectrums, while Frosst, Merck, Ayerst, Lilly and Squibb specialize in penicillin and/or streptomycin.

● **Vitamins.** Making vitamins and formulating preparations are an \$18-20 million business for a group of companies including Merck, Frosst, Ayerst, Parke Davis, Hoffman-La Roche, Abbott, Lilly and Mead Johnson. The spate of dietary concentrates (Metrecal, etc.) are a boon to the proprietary trade and as for ethicals, there is promise that an oral dosage of vitamin B₁₂ for pernicious anaemia will be developed.

● **Steroids.** The corticoid hormones (cortisone, ACTH, etc.) developed by Schering, Upjohn, Cyanamid and Merck, have found their niche in the treatment of arthritis, rheumatism and metabolic disorders. But the sex hormones (progesterone, etc.) could eventually dominate if their use as fertility and contraceptive agents is accepted. These steroids also may have a place as anti-cancer agents.

● **Tranquilizers.** Known in the trade as ataractics, they cover psychopharmacological agents that can combat psychosis, neurosis and/or depression. Rhone-Poulenc of France developed the powerful chlorpromazine in 1954 and since then a number have been commercialized either because of a difference in tranquillizing effect (the "majors" like Stelazine and Mellaril are sold to mental hospitals, the "minors" are prescribed for cases of nervous tension or mild depression) or in side reactions (Hoffman-La Roche's Librium acts with fewer secondary complications).

● **Vaccines.** Vaccines and biologicals were given a boost by the advent of the Salk vaccine. Vaccination against polio, and to a lesser extent the development of 'flu vaccines, boosted sales to nearly \$10 million in 1959. However, University of Toronto's Connaught Laboratories has practically pre-empted this field, selling the more important vaccines to the provincial departments of health for free distribution to physicians.

Thus, Lilly, Cyanamid, Merck and Parke Davis, strong in biologicals in the U.S., don't command the same attention here. Fine Chemicals (Scarboro) exports a fair portion of its biologicals.

● **Other ethicals.** In addition to the classes of drugs mentioned above there are perhaps hundreds of specialties employed for treating a myriad of diseases. We could include diuretics, sulfa drugs, cardiovasculars, antihistamines, analgesics, anti-diabetics, muscle relaxants, parenteral solutions, veterinary drugs, hypnotics, barbiturates and other sedatives, anti-toxins.

The Anatomy of the Drug Industry

DISSECTING the 200 companies in Canada that bill \$175 million annually, one finds that the backbone is made up of fifty-odd "ethical" firms selling \$120 million worth of prescription drugs. These companies almost without exception constitute the membership of the Canadian Pharmaceutical Manufacturers Association, and can conveniently be divided into five categories:

● **Firms indigenous to Canada:** Charles E. Frosst established himself at the turn of the century; Frank W. Horner and Ayerst, McKenna & Harrison were initiated by former Frosst associates. Although Ayerst has since been absorbed by American Home Products, the three above mentioned companies are responsible for most of the \$2-3 million worth of research done by commercial firms in Canada. A few French-Canadian companies, notably Nadeau and Casgrain & Charbonneau, have remained Canadian-controlled and operated.

● **Subsidiaries of the ten big U.S. drug houses:** Merck, Sharp & Dohme, Parke Davis, Cyanamid (Lederle), Pfizer, Smith Kline & French, Abbott, E. R. Squibb and Schering, all in Montreal, and Eli Lilly and

Upjohn in Toronto usually import pharmaceuticals from their parent organizations in either bulk or dosage form, add some of the finishing touches (including packaging) in Canadian plants. They depend in the main on the U.S. parent to supply the research and the quality control that goes into their product line.

● **European-owned companies:** Switzerland and France are the homes of several internationally-known firms. Hoffman-Laroche, Geigy, Ciba and Sandoz, all Swiss houses, have their counterparts in Montreal; Poulenc is of French ownership.

● **The U.K. has its share** as well: Burroughs-Wellcome in Montreal and Glaxo-Allenburys and British Drug Houses in Toronto are of British parentage.

● **Pharmaceutical divisions** of large proprietary houses: Here we have Arlington-Funk (U.S. Vitamin), Bristol Laboratories (Bristol-Myers), Mead Johnson, W. S. Merrell (Richardson-Merrell), Ortho Pharmaceutical, Warner-Chilcott (Warner-Lambert), Winthrop Laboratories (Sterling Drug) and John Wyeth (American Home Products).

The drug industry is hardly in a position to favor prescription by generic name, since each company goes to considerable expense to convince the physician that its brand not only will do a specific job but will meet a certain standard of product quality. Manufacturers insist that this system is the only one that protects the consumer from unsafe substitutes.

Commented one company sales manager, "if the generic name is the rule, our educational material would have to go to the druggist since he becomes the 'hot button'. To whom should we have to prove our product, to the druggist or the doctor?"

And continuing in the rhetorical vein, he asked, "If you were a druggist and had to choose between two generics of different prices and uncertain quality, what would you take? You would likely choose price because that gives you the bigger margin of profit."

Critics have countered with the suggestion that the Food & Drug Administration in Ottawa assume greater responsibility in testing drugs offered for sale. This is both impractical and un-

economic, retort the manufacturers. There are about 25,000 batches a year to be tested in Canada alone, and this is necessarily a job to be done at the plant.

The industry is also having to fend off brickbats tossed at the advertising programs of the ethical houses. These hurt because the drugmakers are naturally sensitive about slurs undermining the "community of trust" built up among themselves, physicians and pharmacists.

For the attacks are not only aimed at the cost of advertising, but also at alleged abuses. For example, Senator Kefauver last year accused one company of withholding from doctors information on dangerous side effects that might result from treatment with a particular anti-diabetic. Explicit in Kefauver's charges was that misleading advertisements were being used to enlarge illegally the market for certain pharmaceuticals.

The best that the manufacturers can do is to reiterate the principles of ethical drug promotion adopted as the credo of the CPMA. These include

"prompt, complete, conservative and accurate information . . . supported by adequate and acceptable scientific evidence."

As for the complaint about wasteful advertising and the proliferation of "detail men" calling on physicians, the manufacturers answer by arguing that most firms spend no more than 5 per cent of the retail selling price to advertise their product. "If advertising were eliminated completely, a one dollar item would cost about 95 cents. But without advertising there would be no volume sales — without which the cost could not have been brought down to one dollar."

Of course, this argument makes no allowance for the mark-ups taken by the wholesaler and retailer on the five-cent portion of the price, so that the actual advertising cost to the consumer is over 10 cents on a dollar item.

Before we make the retailer the villain of the piece, let's hear his story. He operates one of 5,000 pharmacies in this country on an investment of \$22,000; he rings up about \$120,000 on the cash register each year and shows a net profit of \$5,678 on his books. If he adds his salary to this, his income will be just over \$10,000 per annum. Not much for a professional man to shout about!

And his tale of woes is just beginning. Dispensing of drugs is only a quarter of his business; he depends on selling toothpaste and cameras, candy bars and magazines to help cover his overhead. But the discount house, the variety store and the supermarket have intruded to the point that even proprietaries can no longer be counted as mainstays.

Vitamins were once the exclusive province of the drug store; now a customer can purchase them in a variety of outlets. Mead Johnson introduced *Metrecal* through the pharmacist; competitive products are available in supermarkets and delivered by the milkman, so that Mead Johnson was finally compelled to expand its avenues of distribution.

Nor is the dispensary likely to take up the slack. Not only does our druggist have to worry about obsolete stock, the direct competition from supermarket-sized pharmacies and the indirect kind from physicians dispensing from their offices or homes — he also has to cope with the mail-order druggist.

In short, the traditional corner drug gist, whose skill at compounding earned him a good living and a respectable place in the "medical team," is slowly becoming a relic of another era. Dispensing is no longer compounding but breaking open packages bought from

drug houses. (Ironically, the pharmaceutical manufacturer, who so prizes his relationship with the pharmacist, has weakened the latter's status by developing drugs in single dose form).

The handwriting is on the wall, said a Toronto pharmacist privately. He will have to forsake the low-volume, high-cost establishment in favor of larger units able to do bulk purchasing and to dispense a greater number of prescriptions. And he will likely settle for discounts less than the 40 per cent he has grown accustomed to, especially if the government takes charge.

What the drug industry has to ponder also is whether compulsory health plans are inevitable and whether energies should be spent to fight them or accommodate to them. The history of welfare-statism seems to back the "inevitable" theory. And nothing that has happened in Canada since the Saskatchewan elections — in which a medical plan was the major issue — would indicate a reversal of this trend.

The national liberal rally in Ottawa passed a resolution committing "a new Liberal government to provide that all medicines and drugs prescribed by a doctor, beyond a low minimum value, will be paid for under the proposed health plan." And the betting is that before Diefenbaker goes to the people, he will match the Liberals with a plan of his own.

The anti-health plan doctor and pharmacist and their supporters in other walks of life aren't expected to give up the ghost. Speeches like the following still stir applause at conventions:

"The chips are down; the situation is crucial. And we along with many stalwart allies, both in and out of Congress, are in there fighting every step of the way. We are fighting against any compulsory tax approach (Forland Bill proposed in U.S. Congress) because we believe that such an approach will not lead to better medical care for all, or any part of, our population."

That was Dr. L. W. Larson of the American Medical Association about a year ago and his words were seconded by the head of the pharmaceutical manufacturers association (PMA), Dr. Austin Smith:

"These people believe, even as you and I do, in what we so casually refer to at times as the free enterprise system. They believe, too, in a man doing for himself what he can, rather than asking the government to do it for him. This is the way the USA grew and prospered. It was also the way other countries grew and prospered, but something happened to them, the something being an irrevocable extension of government control. I am worried about this happening in our country."

Private prescription plans run by physicians or pharmacists may be hurried to head off government-backed medical schemes. Over 20,000 Windsor families have subscribed to prepaid insurance (costing a 4-member family \$5.10 a month) offered by Prescription Services Inc., an organization launched by local druggists. Physicians Services Inc. (the PSI not to be confused with the Windsor group) has shown interest in extending its coverage to drugs.

Although some pharmacists fear these moves as the thin edge of the socialist wedge, their objections will probably be muted as long as normal retail price levels are maintained. But at those prices such a voluntary scheme may not be practical, for, as Professor H. J. Fuller stated recently before the Ontario Select Committee "the rates that the Windsor Plan are charging are at least twice what statistics show to be the average amount the average family spends on prescribed medicines

meet the latest investigation. Public relations have been strengthened, but it is doubtful whether this alone is an adequate answer to the extensive criticism bared in the Henry Report and in previous hearings.

What else can the drug companies do?

The downward revision of prices has been accelerated, although it would be hard to prove what has initiated the latest decline. But there is an irreducible minimum that must be charged if the present way of doing business is maintained.

What else would have to give? A rationalization of distribution costs by abandoning the small druggist to his fate? An about-turn on their attitude to compulsory licensing?

This latter action they will be loath to take. The exclusiveness of the patent is the drug house's best line of defence against the low-cost operator, whether foreign or domestic. The law



Lengthy laboratory tests take place before a drug is released to public.

in a year."

What are the likely consequences of a comprehensive health plan? If the British experience is any criterion, volume of sales will increase but prices will go down. The U.K. National Health Service is just about the sole domestic customer for ethicals, which is undoubtedly a factor in keeping the average cost of a U.K. prescription to 85c compared to \$3 on this continent.

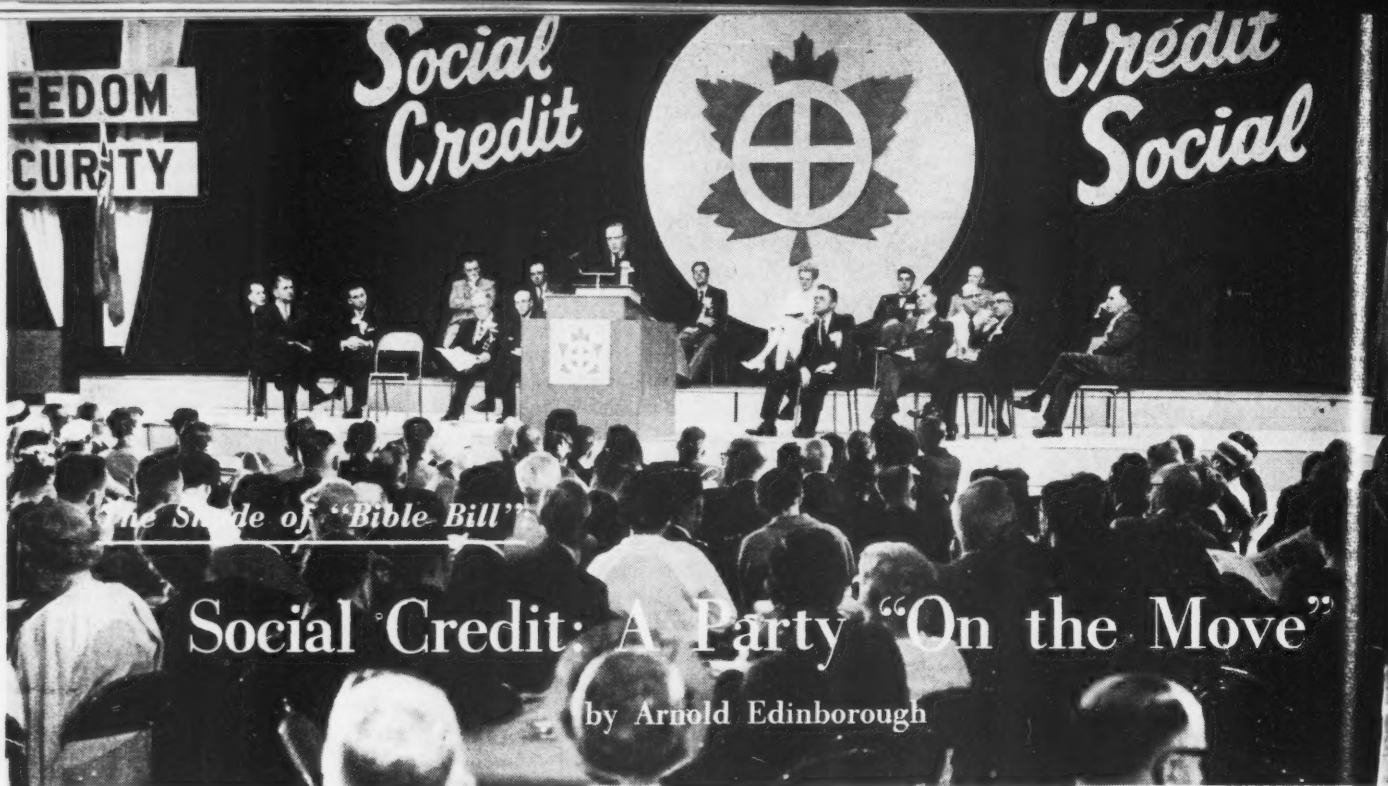
The manufacturer does get a bigger cut of the final customer dollar — 65 per cent instead of the 45 per cent that is common here, since wholesaler and retailer mark-ups and prescription fees are lower. Moreover, his labor costs are much less in Britain and he writes off less research as an element of cost. In effect, the U.S. and Canadian consumers are subsidizing the NHS by paying for the research done here but also benefitting the British public.

One can only guess at the strategy of the drug industry as it prepares to

is there, however, and some would take advantage of it were it not for international complications.

And that brings us to the crucial question. It is quite apparent that if indeed pricing in the Canadian drug industry is dictated by the U.S. patent law, the big change will have to come in the relationship between parent and subsidiary. U.S. drug companies, in particular, will have to stop considering Canada their own backyard and transform their subsidiaries from branch plants to autonomously-run entities engaged in independent policies towards manufacture and sales.

This may not immediately improve the economics of the industry, but it will go a long way to convincing the parties concerned that the ground rules are not to be written in accordance with the traditions of another country. When jurisdiction is established, progress can be made towards the necessary alterations.



Social Credit: A Party "On the Move"

by Arnold Edinborough

Socreds convene in Ottawa's Coliseum: Old revivalist hymns to move the delegates, but in which direction?

TWENTY-FOUR YEARS ago the Supreme Court of Canada set aside the money bills passed by the first Social Credit legislature of Alberta declaring that only the federal government can alter Canada's monetary system. This action neutralised much of the platform on which William Aberhart had campaigned so vigorously and so successfully two years before.

To the farmers of Alberta whose mortgages had been foreclosed, this was not a mere constitutional matter. It was just another stroke by an international financial conspiracy to grind the faces of the poor.

If these international financiers were ever to be beaten, it was clear to the drought-ridden, poverty stricken, insect-plagued Albertans that they could be beaten only from Ottawa by a Social Credit Federal Government. "On To Ottawa" became the new battle cry.

Three weeks ago the Socreds got there. But not to Parliament Hill. They had to be content to meet in the Coliseum on Ottawa's outskirts for their first national convention.

The memories of the thirties were still strong. Many of the people there had campaigned with Aberhart and though oil has put money into their pockets (presumably from international financiers accounts) they were still disgruntled. There was still drought; there were still grasshoppers; there was still "enslaving" national debt and taxation.

As Premier Manning of Alberta said: "I went over the dusty broken roads of Alberta at that time into every village and hamlet, spreading the doctrine of Social Credit and we achieved

the control of our own provincial affairs. We in Alberta have waited longer than anyone else for what we see here tonight".

The Alberta delegation, many in their braces and shirt sleeves, cheered him to the echo. And to make them even more nostalgic before a second Social Credit Premier spoke, a sc'oist sang two of the old revivalist hymns. Any observer listening might have thought himself at a large strawberry social in Red Deer, as Homer James sang:

*Just a closer walk with Thee,
That, Oh Jesus, is my plea.
Let it be, Dear Lord,
Let it be.*

But this was not a strawberry social in Alberta, it was a national convention. And there were people who were

well-known throughout the land. The majority of the cabinet from British Columbia, led by its Premier, the Honorable W. A. C. Bennett, was there. There was almost complete representation of the Alberta cabinet, led by the Honorable E. C. Manning. A Saskatchewan delegation was wearing red felt hats with a feather, each hat bearing the legend "GOPHER REGINA" (a witicism which had *not*, however, persuaded the Socreds to have their convention there as had been the Junior Chamber's intention when it had manufactured the hats).

Both the Manitoba and Saskatchewan contingents were still small. As in the thirties there was a drought at home and "hoppers". An expenditure of \$300 to go "On To Ottawa" seemed imprudent this year, if not impossible.

It was a similar shortage of dollars (though not rain) which kept the Maritime delegation down to less than a dozen. But the farmers and back-concession politicians of Ontario and Quebec were out in force. Whenever anyone was elected to any office (and there were a good many to fill) the strains of "For he's a jolly good fellow" were almost submerged in a rambunctious and simultaneous rendering of "Il a gagné ses epaulettes".

The disparity of tune and language was to some extent typical of the whole convention. For here was a Western party which, having had a sudden injection of lively French-Canadian blood, was trying to put together a platform which would be Right-wing enough to appeal to authoritarian, free-enterprise Quebec small businessmen.



Leader Thompson: Obvious sincerity.

and at the same time not disrupt those welfare services and benefits which Albertans, particularly, have become accustomed to. This led, on the second day of the convention, to an eruption which lasted for almost an hour and a half.

The cause of the contention was Clause "B" of the social welfare, health and research policy document, which read: "Basic national standards will be assured to every citizen in such vital fields as education, medical, health, hospital, rehabilitation and other welfare services through Federal-Provincial fiscal arrangements which will make it financially possible for each Province to provide and improve such services without Federal infringement of Provincial autonomy."

This was moved by Dr. J. Donovan Ross, Alberta's Minister of Health. Immediately discussion was called for, a motion to delete the whole section as being socialistic in concept was made by Harold Splett of Bell's Corners, near Ottawa. A doctrinaire Social Crediter who looked to be in his early thirties, he was supported by Martin Hattersley of Edmonton, equally doctrinaire and who looked to be in his early twenties.

Then ensued a procedural wrangle in which Patrick O'Hara of Edmonton proposed an amendment to the original motion. This would take out the horrid word "welfare" and would delete any reference to the present Federal-Provincial fiscal arrangements all of which, he said, would be obsolete immediately Social Credit took over in Ottawa. Showing his knowledge of Major Douglas' pioneer work in the economic field he suggested the motion should read:

"Basic national standards would be assured to every Canadian citizen in such vital fields as education, medical, health, hospital, rehabilitation and other services through functional distribution of our national wealth".

And then the fight was on. Elderly Albertans were afraid they might lose what they already had. O'Hara and his men (including several Quebec delegates) were fearful that they might lose the right-wing drawing power they were going to have. O'Hara said if Clause "B" as originally proposed was passed it would merely mean that they were in competition with the welfare statism of the Liberals and the New Party.

It was not long before the looked-for identification of the welfare state with the Communist state was made — most aggressively by Mrs. F. D. Richardson of Ottawa East, a former school teacher, who was fearful that education might yet be concentrated in Communist hands in Ottawa.

After such a ludicrous statement, the Honorable L. R. Peterson bore into the

Policy Highlights

Dominion Provincial Relations: A general move towards greater provincial autonomy with a per capita joint Federal-Provincial tax which will gradually eliminate all the present federal-provincial grant arrangements.

Agriculture: Immediate steps to introduce a two price system for agricultural products—a fair parity price for that portion absorbed by the domestic market; a (supported) competitive price for that sold on world markets.

International Relations: The use of every means available to maintain the freedom of the individual throughout the world and open condemnation of the loss of such freedom "by Communism, Fascism or any other form of tyranny".

Labor: The establishment of sound actuarial principles for the unemployment insurance fund; a national program of portable pensions; a special tribunal for the binding resolution of disputes in which the national security or the national economy is in jeopardy.

Administration of Justice: Non-political judicial appointments and penal reform.

Recreation and Leisure: The establishment of a National Sports Commission to foster and promote amateur sport and Olympic participation.

Cultural Development: The CBC will be re-organised.

Senate Reform: Half the Senators to be appointed directly by the provinces.

microphone from British Columbia, where he is Minister of Education, and made the flat statement: "We believe in social security. We believe in social services. And in British Columbia and Alberta we have the highest standard of welfare in the whole of Canada."

At which point Orvis Kennedy of Alberta, the convention co-ordinator, took over the microphone from the Honorable Mr. Ross and, with a ruthless procedural deftness, allowed the convention to defeat the amendment, defeat the motion for deletion of the clause and vote ten to one in favor of the welfare state.

The second great crisis occurred over another section where the same redoubtable Mr. Splett and the equally indomitable husband of Mrs. Richardson again thought they saw the sinister hand of socialism (or Communism; it is the same thing to them). This was in the policy on national defence. The last two clauses of this pledged a Social

Credit government to "do all in its power to bring about world wide abolition of all nuclear weapons" and "subject to an international agreement banning all forms of nuclear weapons, see to it that the production and use of nuclear energy in Canada . . . be limited to . . . useful purposes."

Again, said the anti-Communists, this would tar the Social Credit movement with the awful brush of the ban-the-bomb movement. How, they asked, can a party stand on the Right if it seemed to agree with the parties of the Left?

But the experience and the mellowness of those in office once more persuaded the hotheads that, in some fundamental matters such as the peace of the world, unanimity is not only likely, but necessary. Wisdom thus triumphed again over doctrine and the two offending passages were not removed, merely referred to the incoming national executive for further discussion.

These two matters were the ones which provided the most fireworks on the convention floor. But there were other telling debates which showed that the party encourages individualism among its members and is also determined to hammer out a program.

It was notable, for example, that, compared with the Liberal and Conservative conventions held in the past two years, the Social Crediters kept at it more diligently. They were in their places reasonably early (for a convention, that is) and they stayed until the business was accomplished. In the end, despite the overpowering cow-smell of the Coliseum, they fought out and agreed on a platform including Federal-Provincial relations, agriculture, international relations, natural resource development, citizenship and immigration, labor, employment, the administration of justice, recreation and leisure, cultural development, industry and commerce and youth.

Nearly all of the documents provided as working papers at the beginning of the convention were changed, sometimes substantially, in committee before they came for final debate and approval to the convention as a whole. (For highlights see box).

In one area, however, there was no disagreement. Though Bennett and Manning have come to terms with orthodox finance and their two provinces have blossomed under its influence, this has made no difference to Social Credit's basic doctrine. Indeed, in the keynote speech Mr. Manning laid it on the line:

"Examining the measure of development that has taken place in Canada since Confederation, three facts emerge:

(1) The general level of our econ-

omy and our standards of living have never reached the potential our material and human resources make physically possible.

(2) Our economy has been subject to repeated cycles of "boom and bust" for which no effective solution has been found by those responsible for the administration of our national affairs.

(3) The measure of progress and development we have achieved has been accompanied by a progressive growth in debt and taxation, which are now approaching such dangerous levels that our whole social structure is placed in jeopardy".

The only method by which with these problems can be adequately dealt with is still the increase of purchasing power by the increase of the money supply. And lest critics made the quarter-century-old-charge that this is a "funny-money" policy, he answered them directly:

"It is nothing of the kind. What Social Credit does propose is that consumer purchasing power be maintained at a level equal to the normal price value of our national production. This requires the controlled expansion of the nation's money and credit supply in direct ratio to the progressive increase in the volume of production technological progress makes possible and for which there is consumer demand. Only thus can the evil effects of both inflation and deflation be avoided and the soundness and value of the Canadian dollar be preserved."

With a will under such august urging the delegates sat down to work on a draft of financial policy. Even in com-

mittee stage there were a hundred people arguing about it and its final form was clear and uncompromising — control of monetary policy, demotion of the influence of the chartered banks, low cost loans from the Bank of Canada for all municipal and provincial capital projects and a complete re-vamping of our present "crippling" tax structure. (For details see box).

All this was the work-a-day part of the convention. The highlight — indeed the main purpose of the meeting — was the choice of a new national leader to replace Solon Low who had retired after the crushing defeat which in 1958 had ejected all Socreds from the Federal House.

There were three contestants. George Hahn: former MP for New Westminster; Real Caouette: Rouyn, Quebec, former MP for Pontiac, and Dr. Robert N. Thompson of Red Deer, Alberta, President of the National Social Credit Association.

From the beginning it was clear that the only contest was between Caouette and Thompson, who were about as opposite in character as it is possible to be. Caouette is a fiery speaker who makes a great play with his Christian principles. In a national telecast from the convention floor with his eyes flashing, his face flushing, he said: 'I am a Catholic — others are Protestants — but we are all Christians and will remain so. We are Christians first and Social Crediters second. Let us be on our knees before God, but stand on our feet before men and the moneyed interests.'

And with the moneyed interests

threatening Christianity on one side (shades of Aberhart) there is Communism as anti-Christ on the other. "We represent," he said, "the working classes of Canada — the farmers and laborers. We must remember when we find a case of misery in Canada we find dynamite — and the Communists will light it and blow up the whole structure."

Thompson on the other hand is a man who has worked amongst the lepers of Ethiopia and has seen real misery. [SN June 10] He is a man of warm humanity and a much wider vision than Caouette. He is not a spell-binder, but he is a competent speaker whose platform presence is marred only by a tendency to flutter his eyes and say "oh yes" whenever he scores a point with his audience. He is without either parliamentary or legislative experience, but his sincerity is obvious.

Right from the start many Quebec delegates realized that a Quebec leader for a new national party might not be politic and it was equally clear that Thompson was Manning's man. Bennett's support of Caouette seemed more nominal than real, as if he were just trying to add excitement to the campaign. In the end, to no one's surprise but to the convention's apparently unanimous satisfaction, Thompson got it.

Social Credit, therefore, after an enthusiastic convention, despite a cut in numbers that prairie misfortune made, is, as speaker after speaker said: "On The Move". But a dispassionate observer at the Coliseum might ask — just which direction is it moving in? It still has violently doctrinaire members who see a Communist behind every welfare cheque and an international financial plot in every stock promotion. It also has devoted adherents to governments both in British Columbia and Alberta which are Socred in name only and not in practice.

It has a fiery Quebec support which seems to spring from elements disillusioned with the disintegration of the Union Nationale and it has a leader who, aware of the public temper, knows that Canadian problems cannot be settled except in relation to the problems of the rest of the world.

But a Federal party made up of varying provincial sectional interests is not new in Canada. And as for those who would dismiss the economic theories of Social Credit out of hand, the debate on Parliament Hill between Fleming and Coyne (which made up a twin bill in Ottawa that week) might give them pause. Much of what was, in 1935, funny money doctrine was being read solemnly into the record by Coyne as orthodox economics for the 1960's.

Socred Fiscal Policy

1. A SOCIAL CREDIT Government will restore to Parliament effective control over the national money system by amending The Bank of Canada Act and The Bank Act to:

(a) Make the Bank of Canada an effective agency to carry out monetary policy as determined by Parliament.

(b) Progressively increase the ratio of cash reserves required to be held by chartered banks in relation to credit expansion until a position of 100 per cent cash reserves is attained.

2. Consumer purchasing power will be maintained at a level equal to the normal price value of the total national production of goods desired by the Canadian people and available to them for consumption by progressively expanding the nation's supply of money and credit in direct ratio to the increase in the volume of production for which there is consumer de-

mand.

3. The functions of the Bank of Canada will be extended to include:

(a) Making capital loans (at low cost) to Federal and Provincial Governments to finance federal, provincial and municipal capital projects necessary to provide essential public facilities.

(b) Extending lines of credit to other nations for the purpose of purchasing Canadian production surplus to domestic requirements.

4. A Social Credit Government will redesign the national tax structure.

5. Personal and corporate income taxes will be replaced by a joint federal-provincial tax in these fields.

6. A Social Credit Government will progressively liquidate the national debt through the facilities of the Bank of Canada.

Canada's Pan-American Hot Seat

by Kenneth McNaught

THE SPRING and summer of 1961 have seen a distinct new phase in our relationship to Pan-Americanism. If one took at face value the signs of renewed interest in Latin America one might easily conclude that Canada is seriously considering acceptance of membership in the Organization of American States. What are these signs and how much significance should be attached to them?

The Liberal party is now clearly committed to Canadian membership in OAS. Lester Pearson says that Canada could and should accept a seat in the Organization because she could make a vital contribution to the settlement



Pearson: We should accept OAS seat.

of differences in Latin America. Paul Martin promised support if the Canadian government assumed a "position of leadership" in OAS.

In the CCF-New Party, opinion is divided. At first Hazen Argue seemed to be in favor, but he has since said he is very doubtful about the wisdom of joining OAS — the possibility of its continuing to be an instrument for defence of the status quo was given as a major reason by the CCF leader.

The Canadian Labor Congress, on the other hand, which has taken a surprisingly tough line on Cuba, assumed the Liberal point of view. During the Kennedy visit to Ottawa, CLC leaders issued a strong statement in support of OAS membership declaring, "We cannot afford at this delicate stage in international relations to remain outside the community of nations in the Americas."

This flurry of political interest was further stirred up when President Kennedy made Pan-Americanism the focal point of his Ottawa visit in mid-May. "New nations arise," he said, "old empires vanish, alliances come and go. But through it all the historic friendship

of your nation and mine has stood firm."

The ancient American idea that the New World is somehow more pure and more vital than the old, and that hemispheric geography bestows automatically a community of interest upon the inhabitants of the hemisphere was resurrected by the President as he invited Canada to help him in "the effort to build a hemisphere of freedom and hope."

All the news handouts and editorial comments agreed that Kennedy sought Canadian support for American policy in OAS. Despite Ottawa's refusal to go along with the American crusade against Cuba (or perhaps because of this) the leading American newspapers were enthused by the implications they read into the Ottawa visit.

The New York *Herald-Tribune* wrote: "The United States would welcome Canadian assistance in a positive program in Latin America to meet the complex challenge of this age." *The New York Times* noted "Canada's increasing interest in inter-American affairs" and that "sooner or later Canada will join and take that empty chair waiting for her at the OAS Council table."

The pattern of comment was rounded out when OAS Council Chairman Fernando Lobo of Brazil was "happy" to hear that Canada was considering joining OAS. The same report revealed that "a move was on foot" to have Canada specifically invited to the July 15 Inter-American Economic Conference in Uruguay.

Yet despite all the noise the Canadian government has exhibited a caution that is more than mere inactivity. Although Howard Green is on record from as far back as 1942 as favoring Canadian membership he does not seem to carry his colleagues with him (and the same was true of the late Sidney Smith). In the May meeting of the Commons External Affairs Committee Green observed: "I myself have fewer reservations than many Canadians on joining the Organization of American States."

But on other occasions recently he has said that any change in Canadian policy toward OAS would have to await a clear expression of Canadian public opinion. Martin rebuked him for this, declaring that such statements established a new departure in foreign policy formulation; but the procedure

of waiting for unmistakable measurements of public opinion can scarcely be termed novel by a Liberal.

Green's hesitation is more understandable if one of the "many Canadians" to whom he referred in the Commons Committee is Mr. Diefenbaker — as seems more than likely to be the case. In January the Prime Minister stated that Canada had no reason to join OAS — that her normal diplomatic relations were quite adequate. To underline the adequacy of such machinery Canada appointed representatives to five additional Latin American states (Costa Rica, Honduras, Nicaragua, Panama and Ecuador).

It was also announced that Canada would send only an observer to the much-postponed Eleventh Inter-American Conference in Quito. And after President Kennedy's visit Mr. Diefenbaker emphasized that Canada had undertaken no new commitments of any kind.

It should also be noted that Canadian newspaper comment, apart from a few chronically pro-American dailies like the *Winnipeg Free Press*, has been reluctant to press very hard for the new Liberal party line. It is reasonable to suggest that a good deal of the hoopla for hemispheric solidarity emanates from a political opportunism which seeks to exploit the government's reluctance to take a superficially attractive major policy step. Caution is very properly dictated by historical experience and present circumstances.

Historically Canadians have been cool to the Pan-American idea — except tentatively in the 1930s when some support was generated among two segments of the population: among some French-Canadians who were con-



Argue: New Party opinion is divided.

scious of a (largely hypothetical) cultural affinity to Roman Catholic Latin America; and among some English-Canadian nationalists who saw membership in the Pan-American Union as a reinforcement of Canadian independence of the British Empire.

Oddly enough, the American attitude toward Canadian participation in Pan-American organizations has been, until very recently, by no means enthusiastic. From the time of the first International Conference of American States in 1889 until the end of World War II the United States opposed Canadian membership in the successive organizational forms.

Although, in a fit of optimism in 1910, American Secretary of State Elihu Root had the Canadian coat of arms inscribed on the new Pan-American headquarters building in Washington and a Council chair labelled "Canada", the chair has remained in the basement and succeeding American State Secretaries consistently refused to re-issue the implied invitation.



Green: Inactivity spawned by caution.

Various Latin American countries have, from time to time, endeavored to pass resolutions specifically inviting Canadian participation, but these have always been deflected by American policy. As late as 1941, at a time when Mackenzie King gave hesitant authorization of Canadian overtures to the Pan-American organization, Sumner Welles advised President Roosevelt to tell Canada that he "felt it would be a mistake to bring in any member of the British Commonwealth of Nations at this time."

American opposition to Canadian membership was always based on the fear that it would give "the British Empire" a direct influence in "hemispheric affairs." Ironically, those people in Canada who have pressed for membership have usually believed that it would demonstrate the looseness of Commonwealth ties. It is this theme that was adroitly developed by President Kennedy in his Ottawa remarks about "old empires" vanishing.



Kennedy: U.S. seeks Canadian support.

The essential point is that the history of Pan-Americanism is the history of American foreign policy attempts to isolate the Americas from European influence. Conversely, it is the history of the American doctrine that the western hemisphere is an exclusive sphere of influence of the United States (to use no stronger phraseology).

This doctrine has been consistently asserted and sometimes successfully maintained since the days of John Quincy Adams, Henry Clay and the 1823 Monroe declaration. It has experienced no weakening as it has passed through the hands of Theodore Roosevelt and John F. Kennedy.

Indeed, the twentieth century has seen increasingly extravagant definitions of the "police power" aspect of the doctrine culminating in the flat statement of the present American chief executive that no government in the Americas can expect to remain free of American intervention if it does not measure up to the American definition of anti-Communism. Thus, despite the fact that all twenty Latin American states have retained their Pan-American membership, in each one of them there has been a series of crises of confidence in United States superintendence of American affairs.

The present stage of Pan-Americanism is indisputably a function of the cold war. The OAS (whose secretariat in Washington is still called the Pan-American Union) grew out of the post-war American strategy of inter-locking regional military alliances.

In 1947 the Inter-American Treaty of Mutual Assistance was signed at Rio, providing for military consultation in the event of a security threat to any signatory, and in the following year the Bogota Charter established the OAS. The impetus for these developments came largely from Senator Vandenberg who also sparked the contemporaneous American drive for a North Atlantic

military alliance.

It is no accident that the sudden American shift in attitude to Canadian participation came as an aspect of post-war alliance planning. Perhaps the first public intimation of the change was the remark of an American member of the Permanent Joint Board on Defence in the spring of 1945 calling for Canadian admission to the "military family of American states."

By 1947 some American Congressmen were even critical of Canada's failure to join a hemispheric alliance and Senator Vandenberg declared grandly, "I would welcome the final and total New World unity which will be nobly dramatized when the twenty-second chair is filled and our continental brotherhood is complete from the Arctic Circle to Cape Horn."

In fact Canada joined, instead, the North Atlantic Treaty Organization in conformity with her historic relationships. While the issue of our continued membership in NATO is the subject of considerable debate on various grounds, it is worth recalling here that the most consistent Canadian criticism of NATO has been that its senior member has failed to provide consultation prior to policy decisions.

Not only have Latin American states had a similar experience in OAS (which is a much looser form of alliance), they have witnessed direct United States actions of intervention. The engineering of the reactionary revolution in Guatemala in 1954 was very damaging to the U.S. image in Latin America and Richard Nixon paid the price of vitiated relationships when he was stoned on his tour of South America. Infinitely worse was the invasion of Cuba, planned by the American Chiefs of Staff and authorized by the President in overt violation of the Rio Pact which specifically prohibits unilateral intervention, military or otherwise.

No one, in the face of this recent history, has offered any evidence that Canada's influence in OAS would be even as substantial as is her minimal role in NATO.



Vandenberg: A chair held in readiness.

While some Latin American states hope that Canadian membership would moderate U.S. domination of OAS (and perhaps modify its extreme anti-leftist orientation) it seems clear that the American desire for Canadian membership has precisely the opposite purpose. Americans are suddenly conscious of Latin American vulnerability to social revolution and to the consequent weakening of U.S. leadership of the "free world".

As an OAS member Canada's support of, and contribution to the Kennedy *Alianza para Progreso* would probably go some way towards purifying the picture of the United States in Latin America — and thus toward retaining the "unity" of the West under American leadership. That the U.S. image requires polishing was again made evident when even the urbane and genial Adlai Stevenson encountered distinct coolness during his ten-country tour in June. The Latins seemed to be acutely aware that he was interested not only in preparing the way for the Montevideo economic conference but equally in pressuring them into support of the U.S. strangulation of Cuba.

It is precisely in this context that Canada should assess carefully the bases of the influence she possesses. In the case of Latin America there is no question that our influence has increased markedly during the past year.

But that increase has certainly not been the result of closer collaboration with the United States. It stems rather from the growing evidence of independence and of liberalism. Canadian support of the expulsion of South Africa from the Commonwealth, reiteration by Green of our criticism of U.S. management of NATO, occasional opposition to American positions taken in the UN and, above all, our refusal to endorse the American assaults upon Cuba — these are the principal reasons for our heightened prestige in the eyes of Latin America.

In other words it is because of our refusal to submerge ourselves totally in the American alliance structure that we are able (all too infrequently) to adopt independent policies. One of the chief symbols of our rejection of "final and total New World unity" is, paradoxically, our continued membership in the Commonwealth of Nations. It follows that to minimize that connection by joining OAS would tend very strongly to blur the Latin American impression of our independence of the United States.

The main pro-OAS argument apart from the politico-military one is that through membership we could better fulfil our moral obligations to the underdeveloped Latin American region. Here one must challenge the argu-

ment of the Liberals and the CLC spokesmen that by not joining OAS we are somehow "outside the community of nations in the Americas."

This assertion is patently ridiculous and simply reflects the Kennedy updating of cold war jargon. When one considers the pride felt throughout Latin America in the violent Cuban assertion of independence, and the general approval of Canada's continuance of normal diplomatic and trade relations with that country, it would be more realistic to declare that the United States is outside the "community".

Beyond that argument, however, there are other highly relevant facts to consider. In the area of trade the pro-OAS people point out that the opportunities are great and should be further exploited. But it is important to note that our trade (both import and export) with the United Kingdom, western Europe and Japan has been growing much more rapidly than has our trade with Latin America.

Furthermore, Canada now has good diplomatic and consular coverage throughout Latin America and certainly does not need OAS membership in order to exploit markets or to keep abreast of hemisphere affairs. Again, the specialized organizations of OAS already work in close co-operation with corresponding Specialized Agencies of the UN of which Canada is a member.

Canada also belongs directly to several OAS specialized agencies — the Inter-American Statistical Institute, the Inter-American Radio Office and the Pan-American Institute of Geography and History. Through such inter-relations there is ample opportunity for Canada to pour into the region as much technical assistance, investment and aid as she cares to provide.

It is also worth reminding ourselves that one of the areas of the hemisphere most in need of whatever assistance we can offer is the Federation of the West Indies. This new state, of course, as an entity about to assume independent membership in the Commonwealth of Nations under very difficult circumstances, certainly has the most legitimate claim upon Canada as a fellow Commonwealth member. So far our assistance to the West Indies amounts to little more than the much-advertised addition to their inter-island transportation system.

Thus both the opportunities and the machinery for extensive participation in the "affairs of the hemisphere" exist in abundance. To ignore all this and chase after further dubious obligations and sponsorship in OAS appears to border on lunacy. It is even worse than that if the motives are a combination of narrow domestic political manoeuvring and archaic cold-war assumptions.



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Letter from Australia

by Harry E. Mercer

Immigration: A Lesson for Canada

CANADA'S IMMIGRATION policy since World War II has been something of a shambles and has detracted from the nation's good name overseas. Australia has, on the other hand, taken in many more migrants (proportionately) than Canada and made a resoundingly good job of it. Indeed, what Australia has achieved in this field is probably without match. It would, perhaps, pay Canada to have a look at the program and to note what enormous dividends Australia's well-planned and far-sighted immigration policy have already paid.

It is not just that Australia helps with the passage money [see box] but its reception and after-care of migrants also outshines that of Canada. Migrants who have made no arrangements for living quarters, for instance, are offered accommodation in one of five migrant centres and 30 hostels in five of the six States.

At these all meals are provided and no charge is made for the first week's stay. If a job has not been found for the breadwinner within the week, he is paid a special unemployment allowance of £3/5/ (Australian) a week if single, £6/2/6 if married. Weekly deductions from these incomes for full board are, respectively, £2/5/ and £4/5/. In addition to the unemployment allowance, ten shillings is paid for each child in the family.

Once employed, a migrant and his family are permitted to remain in a hostel at almost nominal rates (maximum rate for a man with a fully dependent family, no matter how large, is £9/0/6) for up to two years.

Even before they arrive, however, the immigrants are being taught how to adapt to their new country. Every migrant ship leaving Europe for Australia is staffed with teachers, who conduct English lessons throughout the voyage. Background information on Australia is also provided by way of films, literature and lectures.

Once in Australia these people are encouraged to accept free adult education courses, which serve the broad purpose of teaching English and imparting something about Australian history, geography and economics.

Meanwhile the Australian Broadcasting Commission broadcasts English lessons regularly and posts free booklets on the language to any migrant who applies for them. But a home and a job, even after some shipboard preparation, does not solve all immigrant problems. There are many difficulties to assimilation and the approach has been correspondingly broad.

In early post-war years a department was set up to operate exclusively in the field of immigration by the Australian Government. Then a nation-wide employment service was established to provide accurate information on labor market trends.

Next came three organisations representing all sections of the community designed to advise on the formulation of immigration policy — the Immigration Planning Council, the Immigration Advisory Council and the annual Australian Citizenship Convention.

The Immigration Planning Council, comprising leaders in the fields of industry, economics and public administration, advises on how large scale immigration can be integrated with economic development.

The Immigration Advisory Council, members of which represent a broad cross-section of the community, advises the Minister on sociological, legislative and administrative matters relating to immigration.

The annual meeting in Canberra of the Australian Citizenship Convention is attended by about 250 delegates, including leaders of diplomatic missions, members of the Commonwealth and State Parliaments and representatives of every section of commerce and industry, trade unions, church and voluntary organisations, the Good Neighbor Movement, the Press, radio and television.

Information and opinion tendered by these three bodies is studied by the Minister and the Department when policy is developed and the annual immigration program is framed. This background of expert knowledge has so far enabled the Government to relate each immigration program to the absorptive capacity of the nation with surprising accuracy.

Unique to Australia is the Good Neighbor Movement. This vast, government-sponsored organisation now has the services of more than 10,000 volunteers. Administration costs for each Good Neighbor Council are provided by the Government, but the volunteers accept no payment for their services.

Good Neighbors call themselves ready-made friends of all lonely, mal-adjusted and worried newcomers. And so they are. Their self-appointed job is to contact the migrant, gain his confidence, assist with his problems, introduce him to Australians, advise him on the country's laws and customs, see that he gets his fair share of whatever is going, encourage him to learn English and lead him gently on towards naturalisation.

Ministers for Immigration here have stressed, in their turn, the tremendous success of migrant assimilation. Those of us not always prepared to take an MP's word about his own achievements may look elsewhere for proof, to that most assimilating process of all — romance.

Since 1946 some 300,000 migrants have married in Australia. In 75,000 marriages, both partners were immigrants. But about 90,000 migrant men married Australian women and 50,000 migrant women married Australian men.

In other words, about 45 percent of migrants married here post-war have felt accepted enough by the community to take Australians as life partners.

Since 1946 some 492,000 children born in Australia had at least one migrant parent. This total accounts for more than one-sixth of all children to first open their eyes in Australia over the past 15 years.

When plans for large scale immigration were first announced, many Australians morosely predicted economic chaos, chiefly in the forms of job scarcity and a lowering of living standards. Immigration has had precisely the opposite effect.

Although migration has been largely responsible for a population leap of 3,000,000 since 1946, it has also provided much badly needed skilled labor and has so expanded the domestic market that economically Australia has never been better off.

In 1945 Australia had 31,200 factories employing about 745,000 workers. Now there are 55,000 factories requiring a work force of more than 1,200,000. One in every five workers is now a migrant and the proportion of skilled male migrant workers is now 50 per cent greater than was the skilled Australian work force when large scale immigration began. Since then average weekly earnings have risen by 36.3 per cent in real

terms, despite shorter working hours.

It is perhaps ironic that people coming from other countries with mostly far lower living standards have been so largely responsible for boosting the already high standard of their adopted land.

But although Australia's immigration program has so far without doubt run more smoothly than Canada's, it also has its problems and critics. Easily the bitterest jibes, emanating principally from Asians and Africans, concern the "White Australia Policy".

Australia, like Canada and other Commonwealth countries recruiting migrants in Europe, does not want to buy into the troubles that almost inevitably come from taking in ethnic minorities. This barrier to a large influx of colored immigrants has a social and economic basis, not a racial one.

Yet despite the barrier (and it does exist), Australia already has more non-European residents than many of her critics probably realise. At present these include 6,000 Asian students, about

6,000 others of non-European origin employed by foreign firms and governments and many times that number of permanent or naturalised Asian residents.

Also, Australians who marry non-Europeans overseas are not prevented from bringing their spouses home; thousands of war-time Asian refugees have been granted permanent residence; a great many Asian students and businessmen who were here when the Communists overran their countries were permitted to remain.

In fact, the number of people not of European origin permitted to remain permanently in Australia is probably not much lower in proportion to total population than those taken in by Canada.

The prerogative that each nation has to choose its own immigration and preserve its national characteristics was specifically recognised at the Asian Relations Conference in New Delhi in 1947, and this prerogative has since been freely exercised by most countries

in Asia, Africa and the Americas.

The only damning feature of the White Australia Policy, then, is what its name implies. But although it contains no more ethnically based immigration restrictions than many other similar national policies, because of its "record" it is certain to prompt increasing ire in this race-conscious world.

Australia shares with Canada two other chronic immigration problems: the attitude that prompts locals to call migrants "Dagos", and the English.

Before World War II Australia was probably the most provincially-minded country in the English-speaking world. If your accent veered slightly from the vernacular you were likely to be advised to "go back where you came from" or to "speak English".

Only a few years ago the prevailing attitude among Australians was one of revulsion against New Australians. These new arrivals, according to many Australians, were lacking in manners and hygiene. They dressed differently, talked too loudly in their own tongues.

In short, they were foreigners and as such could not be as good as us. The description "Dago" was applied to any of half a dozen Mediterranean and Balkan peoples.

Thanks to much broadening of the local mind (much of it though from migrant influences) and the assimilation programs of the Government and Good Neighbor Movement, this intolerance is now dying rapidly.

Most vocal in their complaints and the readiest to scurry back home, as in Canada and New Zealand, are the English migrants. Departing English migrants average about six per cent of the annual intake as compared with about two per cent from all other countries.

This in spite of their many obvious advantages over migrants from Europe: a decided preference under present immigration policy; cheaper Assisted Passages; no language problem; a way of life and background of tradition resembling their own far more than any on the Continent.

It puzzles authorities here why the proportion of disappointed migrants is higher with the English. Among explanations offered are: they have been pampered too long under a welfare state back home; they have lost the pioneering spirit of their hardy forebears; Australia has an Irish tradition they cannot stomach.

Whatever the cause, one thing is certain — Australia is expanding so rapidly she must continue to increase her population by immigration, and probably in future to a greater degree. And, despite problems, she is making a good job of it.

A Contrast in Procedures

CANADA

IF YOUR X-RAY, criminal record, body and mind do not disappoint upon scrutiny, you may go and live in Canada. That is, if immigration has not been temporarily suspended.

You must pay your own fare and when you get there find your own accommodation and job. If you have trouble finding employment and somewhere to live which you can afford (far too often the case), you are not exactly left to perish in the gutter.

Upon application at an immigration centre you are issued with tickets and sent to an approved rooming house, where the proprietor provides a bed and three meals a day. And there you stay until "things get better".

AUSTRALIA

If found to be in physical, mental and moral [no criminal record] good shape and the idea is to pay your own way, you are handed the addresses of all appropriate airline and shipping companies. Government Assisted Passages from England are easier to gain than ever before. Briefly the scheme operates as follows:

- Adults pay £10 sterling toward their door-to-door fare by ship or air. Children under 19 travel free.

- There is no age limit for people travelling with their children or with close relatives under 46 years, or for those emigrating to join close relatives.

- Sponsorship in Australia is no longer required for single men and women who can arrive with £25 or for married couples without children with £50 between them, who, are prepared to find their own accommodation.

- Families with £500 also need no sponsorship.

- Those who cannot meet these landing money requirements may be sponsored for accommodation by relatives, friends, private firms, the Government or by several special organisations.

- Guarantee of employment in Australia is no longer needed and unemployment cash benefits are immediately available. (It is interesting to note that in view of Australia's current economic recession the Government has not lowered its annual immigration target below the normal figure of 120,000).

Migrants coming to Australia from continental Europe under Assisted Passage schemes pay a slightly higher proportion of travelling costs, but are eligible, of course, for exactly the same benefits upon arrival as those from Britain.

Chess

by D. M. LeDain

FOLLOWING THE LEAD of European cities in organizing challenge matches by postal play during the last century, the idea caught on here. There is record of three games conducted simultaneously between Kingston and Quebec in the 1840's. Kingston scored one win, Quebec the other two. There was no railway connecting the cities at this time.

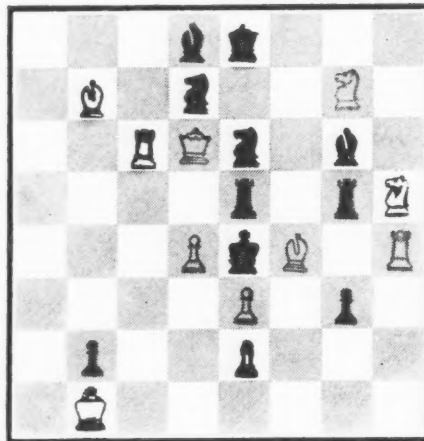
White: Quebec, Black: Kingston.

1.P-K4, P-K4; 2.B-QB4, Kt-KB3; 3.Kt-QB3, P-QB3; 4.P-Q3, P-Q4; 5.PxP, PxP; 6.B-Kt3, P-QR3; 7.Q-K2, Kt-QB3; 8. B-KKt5, B-QKt5; 9.Castles, BxKt; 10. PxB, B-K3; 11.P-KR3, P-KR3; 12.B-Q2, Q-Q3; 13.K-Kt2, Castles; 14.Kt-B3, KR-QKt1; 15.KR-K1, Kt-Q2; 16.P-Q4, P-K5; 17.Kt-K5, KKtxKt; 18.PxKt, QxP; 19. P-KKt3, Q-B3; 20.B-K3, P-QKt4; 21.Q-Q2, Kt-R4; 22.K-R1, Kt-B5; 23.Q-Q4, Q-Q1; 24.B-KB4, R-B1; 25.P-KKt4, P-QR4; 26.

BxKt, RxB; 27.Q-Q2, Q-B3; 28.B-K3, QxPch; 29.QxQ, RxQ; 30.R-K2, P-QKt5 and wins.

Solution of Problem No. 275 (Ellerman), Key, 1.B-B8.

Problem No. 276 by C. Mansfield.
White mates in two moves. (11 + 10)



One for the CNE

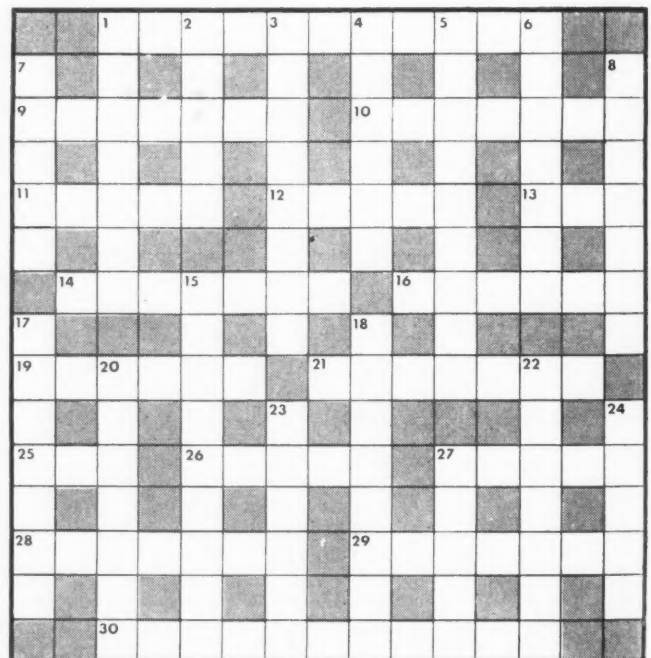
by Louis and Dorothy Crerar

ACROSS

- 1 If the co-respondent were a blonde, would the wife have these for divorce? (4, 7)
- 9 It might have been a rare bit of judging he did. (7)
- 10 Father's age creates a diversion. (7)
- 11 A journey to the East might suit some tastes. (5)
- 12 The tip that you're out of bed at last calls for bottoms up. (2-3)
- 13 Opening of Parliament. (3)
- 14 Their inhabitants won't leave these until they're shelled. (3, 4)
- 16 This prevents getting as green in 23 inside. (6)
- 19 The author of "Tess" should have been, if his name meant anything! (6)
- 21 Stays in time to help fight The Battle of the Bulge. (7)
- 25 Nowhere? Certainly not here! (3)
- 26 Referring to a woman? Get on with it! (5)
- 27 In time the Royal Engineers come to terms. (5)
- 28 Before one does this, one usually does the opposite to the light, rest assured. (5, 2)
- 29 Quiver like a woodpecker. (7)
- 30 Does it unlock the cupboard in which the family one is kept? (8, 3)

DOWN

- 1 Feel rib to see if feverish. (7)
- 2 See 27D.
- 3 See 24.
- 4 This bird may spy roe, as fish is its sole food. (6)
- 5 Takes a plunge but no sedatives at taking off. (4-5)
- 6 Banana peel? (7)
- 7 See 27D
- 8 One I love the most, to my cost. (7)
- 15 Express delivery? (4, 5)
- 17 Tearing around can be very hard. (7)
- 18 Movement in which you end where you started. (2, 3, 3)
- 20 Sayings by Wordsworth without merit. (7)
- 22 What he is, he has to do for a cell-out! (7)
- 23 Is following 13 to make capital here? (6)
- 24, 3. But these revolvers are not used at the shooting gallery at the 1A. (5-2-6)
- 27, 2, 7. It seems that extreme pleasure can be derived from wearing trousers. (1, 4, 2, 3, 5)



Solution to last puzzle

- | | | |
|-----------------------------|-----------------------------|--------------|
| ACROSS | 26 Entire | 6 Great |
| 1, 24 Let sleeping dogs lie | 28 Stitching | 7 Off |
| 9 Favor | 29 Races | 8 Arms |
| 10 Volunteer | 30 Go to the dogs | 13 Bred |
| 11 Emblem | | 16 Redirects |
| 12 Sonatas | DOWN | 17 Dogs |
| 14 Radish | 1 See 3 | 18 Benedict |
| 15 Censured | 2 Thrills | 20 Illicit |
| 19 Dog-tired | 3, 1D. Love me, love my dog | 22 Ontario |
| 21 Hot-dog | 4 Enlisted | 23 Beagle |
| 24 See 1A | 5 Innings | 24 Dose |
| | | 25 Going |
| | | 27 Ass (525) |

Puzzler

by J. A. H. Hunter

THE PROFESSOR chuckled to himself as he climbed into the taxi. "We've bought a new house," he told the driver. "Made the move today, but my wife had the pain as I had to lecture."

"Tough on her," commented the driver. "Where to, sir?"

"The new house. Myrtle Avenue," replied the old man. "I said goodbye to our old home when I left this morning."

"Okay. But what number?"

"Number?" The professor was startled. "Why, I've forgotten it." But he was smiling again a moment later. "We nearly chose a different house on that road," he said, "and I remember there was a difference of one between twice the square of its square and the square of the number of the house we bought."

With that he pulled a piece of paper from his pocket to figure things out. And right there he saw the number, as so thoughtfully noted for him by his wife that morning.

What was it?

Thanks for an idea, to: D. Murdoch, Willowdale, Ont.

Answer on Page 36.

(158)

London Letter

by Beverley Nichols

Street of Misadventure

I MAKE NO APOLOGY for reverting to the sorrows of Fleet Street. Not only has the Street of Adventure become a Street of Misadventure for thousands of brilliant men and women; it is rapidly developing into a One Way Street, with Lord Beaverbrook as the chief traffic controller. A situation which his lordship, who has always thrived on competition, would be the first to deplore.

The latest casualty is that fine old paper the *Sunday Dispatch*. (For which, over fifty years ago, Lord Northcliffe coined the slogan "Best of the Batch, the *Sunday Dispatch*") I had a particular affection for the *Dispatch*; in its columns I made my debut as a journalist with a scarifying series of "society revelations" called "The Freaks of Mayfair."

Turning up some old file copies the other day I was interested to find that these little pieces might have been printed today with scarcely the alteration of a comma. The same fads and fancies, the same extravagances, the same illicit liaisons. True, the skirts were shorter and the purses longer; otherwise it is a case of *plus ça change*.

The scarifying conditions of newspaper economics is illustrated by the fact that although the *Dispatch* was selling 1,500,000 copies a week when it printed its last copy it was losing over \$2 million a year. Why? Some people say that this was because it was a "clean" paper. It did not fill its columns with reports of squalid police court cases and it refused to publish red-hot serials.

But this argument can hardly be sustained in the face of the gigantic success of the Beaver's *Sunday Express*, with which it has now been amalgamated. For the *Sunday Express* is as clean as a whole orchestra of whistles. A child could read it, and sometimes one suspects that many children do. You could eat your dinner off it with no fear of contamination.

So why? And again, why is the *Daily Sketch* reputed to be tottering? And why are the staff of Labour's *Daily Herald* so apprehensive? And why — oh why — will those two glittering ladies,



The "Dispatch": No red-hot serials.

Woman's Realm and *Woman's Day*, be starting to put up the shutters by the time these words are printed? Only a little ago they seemed so glossy and so self-assured; they were among the brightest belles in the street. And now — their day is over.

To a mere scribbler, like myself, these things are a deep mystery. As deep as the mystery that causes the stock exchange index, after two years of almost uninterrupted ascent, to take a sudden plunge towards the depths.

As deep as the mystery that compels the Chancellor of the Exchequer to inform us that we, who have been so constantly assured that we have "never had it so good" must suddenly be prepared to have it very bad. That infla-



The "Express": A child can read it.

tion is just round the corner, that the pound is in danger, that we must tighten our belts etc., etc.

Plus ça change. Those old file copies of the *Sunday Dispatch* taught me an instructive lesson. Almost exactly thirty years ago, to the day, we were going through exactly the same sort of crisis. The King was hurrying back to London. *Punch* was publishing the familiar cartoons of Britannia, looking very fierce, standing on a rock in a howling gale — which is always a sure sign that something is amiss.

The Labour government, in a panic, was calling for the aid of the opposition. America was lending us vast sums of money; France was also lending us vast sums of money; and in spite of it all, as you may remember, we were forced off the gold standard and the pound collapsed.

And in self-defence the beleaguered citizens of "Mayfair" began to open hat shops, flower shops, interior decorating businesses — even restaurants. Precisely the same thing is happening today. The latest example is a delightful restaurant close to the Marble Arch, called *Chez Pierrot*.

The proprietor is Viscount Churchill, who is not only related to practically everybody one can think of, including the grand old man himself, but is also a Prince of the Holy Roman Empire and a godson of Queen Victoria. (This information would certainly have been enough to stun the gas-man who called to know why we were behind with the instalments on the cooker, in the days of our impecunious youth, when we shared a small flat together.)

Anyway, Churchill has opened this restaurant, which, with its brilliantly striped awnings and its smart little tables on the pavement, has brought a touch of gaiety to a rather drab part of London. And he has also introduced to London a new dish called *Fondue Bourgoigne* — a dish which is beginning to revolutionize our eating habits. For the benefit of my women readers, here is the recipe. . .

Bring a pint of olive oil to near boiling point, pour it into a copper pot, and keep it hot by means of a spirit lamp. Take a filet steak, remove the gristle, and cut into sizeable cubes. Prepare a tartare sauce, a tomato ketchup and any other sauce you may fancy. Set these sauces round the copper pot, and invite your guests to sit down. All they have to do is to spear a cube of steak on a sharp fork, hold it in the oil for ten or fifteen seconds, dip it in one of the sauces, eat it, and come back for more.

From a culinary point of view this may not be sensational, but it is invariably a social hit. Even the most retiring female can hardly remain aloof

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And if any of your smart friends are inclined to think that it sounds rather plebeian you can retort, briskly, that it is the favourite dish of Viscount Churchill, Prince of the Holy Roman Empire, godson of Queen Victoria, and what have you. Which should be enough to get on with.

As we are in a summery mood, let it be recorded that we are having a heat wave. What does this mean, in London? In the parks it means that young gentlemen are lying on the grass with their shirts off, and that young ladies are lying by their sides in a similar condition, with nothing but the flimsiest of undergarments to protect them from the sun — and the censor.

And here, our *plus ça change* motif no longer applies. Thirty years ago, believe it or not, there were still many beaches on our coasts where the law required that bathing dresses should cover the whole body. As for the parks, there was a special detachment of police assigned to the Serpentine bathing pools to see that no females, however clad, were so brazen as to attempt to join the men in those murky waters.

What else does it mean? At Wimbledon, it meant 36 ambulance cases, in the course of 130 fantastic minutes at 100 in the shade when Britain's Bobby Wilson dethroned Australia's Neal Fraser. The Centre Court was like a pressure cooker.

The chromium on the serried Rolls Royces in the car park was so hot that you could not put your hand on it. But Wilson battled on, and at the end of it all the scene was so emotional that one didn't know whether the faces in the crowd were wet with tears or with sweat.

And what else? That the roses in the gardens of Kensington Palace are shrivelled before they are fully open. That at last, at long last, the British are actually demanding ice in their gins and tonics, and actually getting it. That the workmen digging up Park Lane—which is now a roaring, bewildering maze of tunnels and fly-overs — are stripped to the waist.

That even the icy Russians of the Leningrad Ballet at Covent Garden, with their iron precision, are showing slight signs of thawing by the end of the evening. And that the violet make-up on the lids of the colored ladies in smouldering Soho is beginning to trickle into their eyes.

Thirty years ago, during the afore-said crisis, when *Punch's* Britannia was standing on her rock of doom, we were also having a heat wave. *Plus ça change.*

Ottawa Letter

by Raymond Rodgers

Senate Stance: Fact and Fiction

RECENT WEEKS have brought out an important fact: *legally* the powers of the Senate and Commons are equal. There is only one exception to this general rule: by Section 53 of the British North America Act "bills for appropriating any part of the public revenue, or for imposing any tax or impost, shall originate in the House of Commons."

That is the strict letter of the BNA Act. It does not prevent the Senate from amending — as distinct from originating — money bills. But in practice, we tend to supplement the BNA Act with examples from the British constitution. And in England the House of Lords keeps well away from anything which might be considered a "money bill".

Our House of Commons has long claimed that the Senate has no power to amend money bills. Yet the House knows it is on weak ground. Hence, the following comical guidance in *Beauchesne's Parliamentary Rules and Forms*:

When the Commons accepts an amendment to a money bill it orders its Clerk to "carry back the Bill to the Senate and acquaint Their Honours that this House hath agreed to their amendments, the Minister of Finance accepting with a protest against the right of the Senate to make amendments to money bills."

And what if the House of Commons refuses to accept a Senate amendment to a money bill? Then the bill either dies or sleeps. No government would let it die forever, assuming the circumstances remain the same. The government would simply have to go through all the motions of introducing a new bill — probably at the following session of Parliament.

Now to the modern observer, these seem to be rather excessive powers for an appointed Senate to hold. And it might very well be that the Supreme Court — which can rule on these matters at government request — would say that the BNA Act must be supplemented in these respects by reference to British practice and the customary claims of the Commons.

But suppose the Supreme Court acknowledged no growth in our constitutional custom regarding the powers of the Senate? That would leave us right at the beginning again: a Senate co-equal in nearly all respects with the Commons. No modern Canadian government, Tory or otherwise, would accept that as a fact of life. For the Senate to persist in sticking to its *legal* rights would be an invitation for its abolition or reform.

But how do you abolish or reform it? A change in the BNA Act — whether made in London or Ottawa — can only be made by agreement of both the Commons and the Senate. In other words, the Senate would have to agree to its own abolition or reform.

And if the Senate refused there would be nothing — short of extra-constitutional measures — that the government could do about it (except refuse to vote money for the upkeep of the Senate — whereupon Royal Warrant could be used to do this, and the Senate could revenge itself by refusing to assent to money for the upkeep of the Commons!).

The end result, then, is deadlock. And that probably is what the Fathers of Confederation wanted. They assumed that long before such a comedy of errors went so far, somebody would plead successfully for some commonsense. (We could certainly do with some of it in many current newspaper articles and political statements about Senate reform.)

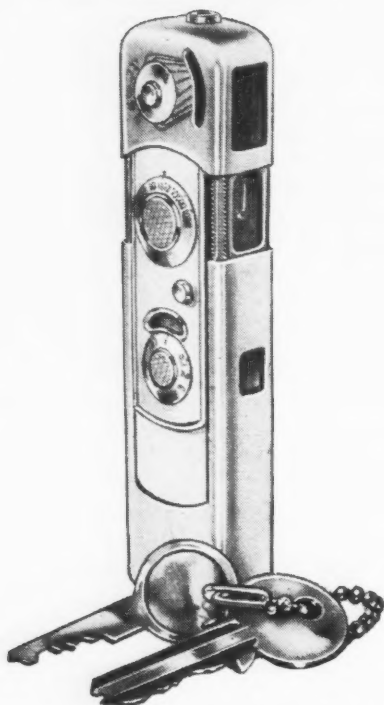
The Coyne case shows that there is always room for a Council of State where the holder of a great office of state can defend himself when dismissed by the party in power. (Defence by press release in these cases is surely intolerable.) Such a Council of State should either be above politics or, at worst, composed of representatives from all political walks of life in the nation. In Canada, the present Senate is the nearest thing we have to such a Council of State, and a too partisan one at that.

Yet clearly, if Mr. Diefenbaker is to continue his "heads will roll" stance — and slash, as he hints he will, at the "swollen pensions" of certain offices — then there will be need for some kind of body (other than the press alone) to give each victim a goodbye hearing. The Liberals in the Senate have indicated that they are prepared for reform, but not if it takes away their present powers to conduct post-mortems.

They have also indicated one other area where they refuse to give up their present powers: they insist on the power to veto — or at least the right to delay — the Commons' granting of arbitrary powers to a Minister of the Crown. This, they say, is for the protection of the rights of citizens.



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These sentiments of the Liberal Senators are sound. But their motives in the case at hand — the Excise Tax Act — are somewhat suspect. They were not only interested in giving importers a right of appeal, they were also — as Liberals — against a Tory protectionist bill. This is their *legal* right, but it is an unsound attitude for them to take in the light of modern constitutional and political attitudes.

Some mechanism needs be retained in order to dampen the inevitable friction — which occurs every ten or twenty years — when a new government finds itself saddled with appointees of the old regime. Similarly, some mechanism seems desirable to

prevent the excessive use of power by big-majority parties — of any persuasion.

Given our lengthy cycles of parliamentary change, it would thus seem to be to the long-term advantage of all parties — or at least those of the middle — to retain some of the features of the present Senate.

Various reforms have been proposed such as those designed to ensure a Senate in closer touch at all times with the government of the day. More attention to these proposals, and less loose talk about beheading the Senators, is commonsense indeed in these times — as surely the events of recent weeks have shown.

Governor Coyne Closes His Case

"MR. CHAIRMAN, honorable senators, my first duty is to thank you for giving me this hearing and for the patience you have shown in listening to me at great length. I am very grateful to you for that. I think it is also already apparent that the nation is grateful to you for having made possible a hearing of this sort, in preparation for the decision which you have to make . . .

"Honorable senators, I could not have counted on being given a hearing before Parliament. The whole course of events — Mr. Fleming's invariable reaction to repeated requests in the past, sometimes on my part but most times on the part of members of the House of Commons, requests repeated urgently in many journals of opinion in this country, but which were all rejected — indicated it was most unlikely that I would be given a hearing on any subject, at any time, before Parliament. This unlikelihood was proved correct by the proceedings in the House of Commons on this bill.

"Neither could I, in my position, count on a hearing in the Senate, although I confess now that in this respect I appear to have shown too little faith in the Senate's desire to see truth and justice prevail. But in the circumstances in which I found myself I felt that I had no right to take chances on the question of what procedural problems there might be; that I had to rely entirely upon my own efforts to see that public replies were made to misleading, incomplete and inaccurate statements made in the House of Commons by members of the Government; and to reply to attacks which they made in the House of

Commons, not only on me but on the very nature of the office of Governor of the Bank of Canada . . .

" . . . You have honorably assumed a public duty of the highest importance, exactly the same in principle as if the procedure had been one of adopting a joint address of both houses after a fair trial and confrontation of the accused with his accuser — although you have not had that. The present proceedings, I submit, are more in the nature of a bill of impeachment adopted by the House of Commons without judicial inquiry, despite the demands of all opposition parties in the House of Commons for such an inquiry, and submitted by the House of Commons to the Senate for determination by the Senate.

"You have held an inquiry without the co-operation of the Government, or the presence of the accusers or any examination of them. You have done what you could to put yourselves in a position of carrying out the duty put before you by the House of Commons. It is for you, honorable senators, in your judicial capacity to determine the outcome. No one can take from you that right. Nothing can relieve you of that high responsibility.

"There have been bills of impeachment in the past, although not for some time, and perhaps never in Canada, but such proceedings have been heard before the House of Lords in England. In such proceedings there have been verdicts of guilty, and verdicts of not guilty, according to the evidence, and according to the conscience of the individual Lords hearing the case."

Films

by Mary Lowrey Ross

For Better or For Worse

THE SO-CALLED adult film has now been re-christened restricted, but one is still left in doubt about the significance of these placards. Are they directed at the public, at the parents, or merely at the busy girl in the ticket booth? Or are they simply intended to attract non-adults of all ages, who attend them in the hope of finding restrictions lifted still further?

Actually, the restrictions have been all but swept away. Scenes that would have brought the Legion of Decency and the Knights of Columbus up in battle formation a decade or two ago, now appear to pass unnoticed. Possibly the Knights and Legionnaires have come to recognize that the movies are the gauge rather than the guide of public mores. Or they may have resigned themselves to yielding to pressures they can no longer control.

In any case, it would be hard to say which side won the battle in the end. For if the movies with the restrictions removed are no worse than might have been expected they are certainly no better than they ought to be. They have succeeded in throwing the subject of morality — specifically, sexual morality — wide open, but they haven't noticeably enlivened their material.

The trouble with many of these films is that they have been gone over conscientiously with the steam-roller of moral neutralism, which can be even more obliterating than censorship. *Tout comprendre c'est tout pardonner* may be a fine liberal principle but it is a weak formula for the movies, where people like to know which side they are on, if only for the sporting interest.

"There are two Margerites," says the harassed husband in *By Love Possessed*. He goes on to explain that Margery "A" is an admirable type, a great reader of books and leader of civic movements, while Margery "B" is an irresponsible drunk.

Of the two ladies he prefers Margery "B", but what he fails to perceive is that Margery "B" is exactly as dull as Margery "A", and the two combined add up to a soap opera wife whose slip happens to show . . . Well, moral urgency, as everyone knows, is no pre-

requisite of art, but in a picture of this type it would make a very handy substitute.

The story, based on the novel by James Gould Cozzens, has to do with the embarrassment of a socially impeccable family threatened by exposure to charges of embezzlement and rape, along with such minor peccadilloes as alcoholism and adultery. Author Cozzens' skill as a novelist helped to disguise the fact that the world he described was not too remote from Peyton Place, but the screen-version points up some unmistakable parallels.

Same sharp awareness of the proprieties, same collapse, at a moment's notice, into the improprieties, same deadly seriousness, same Lana Turner.

It's a wonderfully affluent world, supplied with everything money can buy or the properties department assemble. However, the characters, all great talkers, are far from happy — it seems they can't communicate with each other, a failure they discuss endlessly since it seems to be their only subject of communication. The cast includes Barbara bel Geddes, Efrem



"By Love Possessed"



"Romanoff and Juliet"

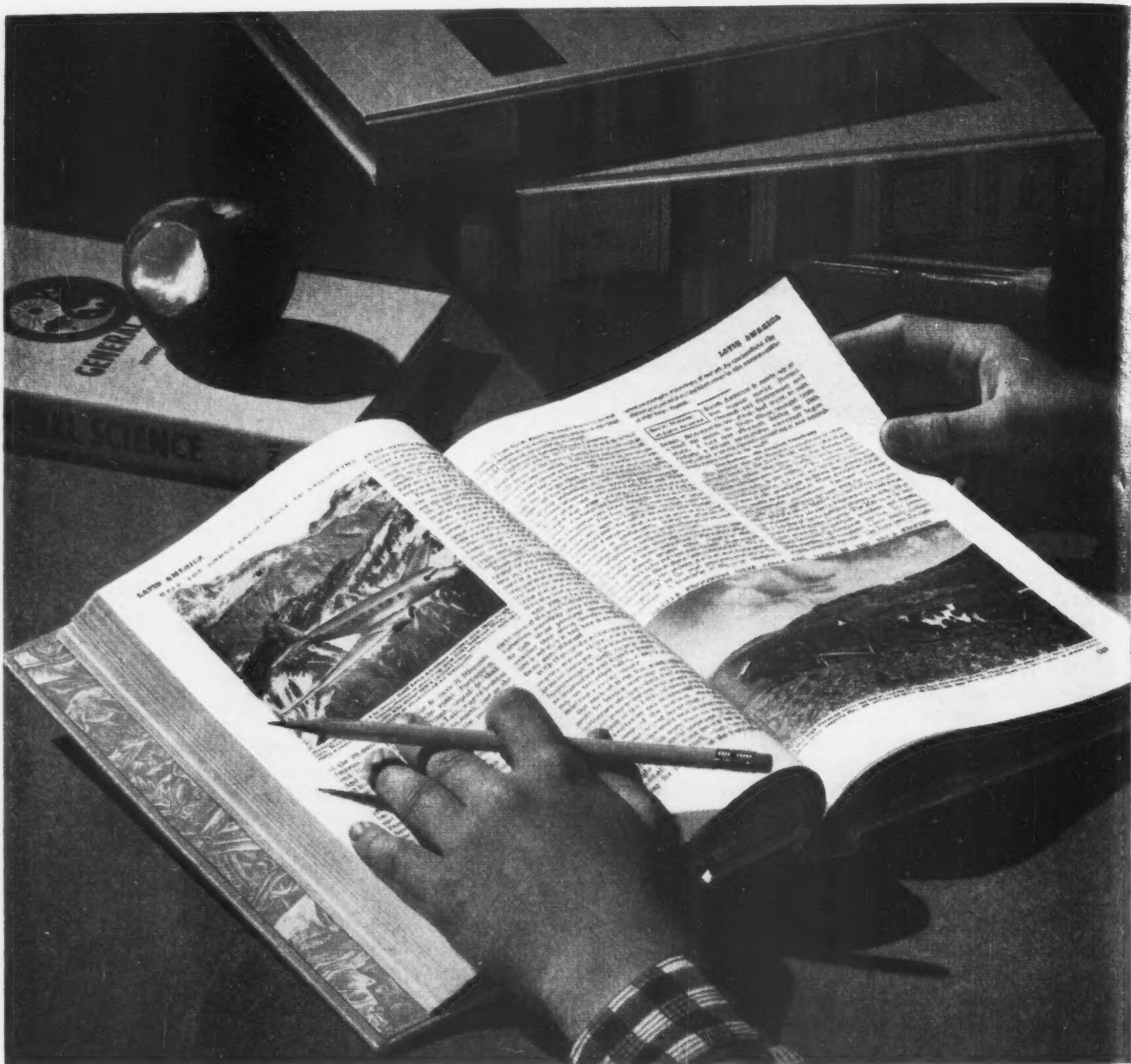
Zimbalist Jr., Thomas, Mitchell, and Everett Sloan, which means that a lot of good talent has pretty well gone to waste.

Kidding the Russians is a game any number can play, but the events of recent years have taken much of the bounce out of it. However, Peter Ustinov, who wrote and directed *Romanoff and Juliet*, is able to supply a good deal of the missing quality, chiefly by the jauntiness and elasticity of his own performance.

He has cast himself here as the President of Concordia, a tiny European principality sunk in mediaevalism which contrives to attract the excited interest of the U.S. and the USSR. After considerable frantic skirmishing, the President manages to repair the damage by marrying off the daughter of the American ambassador (Sandra Dee) and the son of the Soviet opposite number (John Gavin), an idea at least as old as the plot of *Abie's Irish Rose*.

Fortunately, the romance takes up relatively little space. Ustinov devotes most of his time to spoofing the United Nations, the cold war and the fierce benevolences of both the United States and the Soviet. While some of the gags are new and funny, quite a number are as frayed as the joke about the flirtation between the Soviet Ambassador's wife and a Western-capitalistic hat, a notion that dates back to the Garbo era.

Borrowed or invented, however, they are delivered with plenty of drollery, particularly by Ustinov, who has, naturally, given himself all the best lines. The production, waggishly directed and fast-paced, is a reasonably lively commentary on the wild irrationalities of the cold war.



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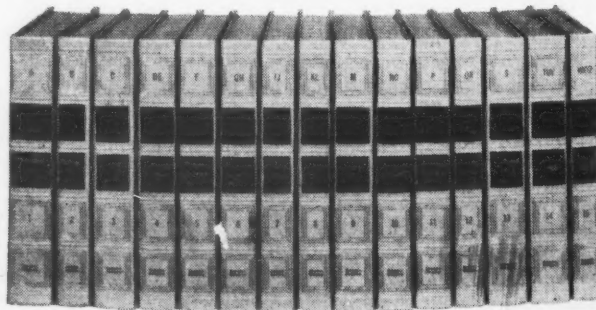
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Books

by Mary Lowrey Ross



John Steinbeck: In all directions.

JOHN STEINBECK is a writer of extraordinary versatility and by this time his admirers are accustomed to watching him mount his talent and ride it in all directions. It is doubtful, however, if he has ever performed the feat quite so confusingly as he does in his latest novel *Winter of Our Discontent*, which takes as its thesis the disintegration of ethical values in America.

The Steinbeck hero, Ethan Allen Hawley, is the impoverished descendant of a long line of New England whaling captains. By day, Ethan works as a grocery clerk, and at night he returns to his stately ancestral home or walks abroad carrying the silver-topped nar-whal walking stick inherited from his great-grandfather.

Ethan himself is content with these symbols of a more affluent state, but he is under pressure from his two teen-aged children to accommodate himself to the world of private enterprise and repair the family fortunes. Protected by his reputation as an upright New Englander, he brings this about through a series of bland betrayals from which his New England conscience remains affably detached.

It catches up with him, however, when his son, by skilfully plagiarizing from the speeches of Clay, Jefferson and Abraham Lincoln, wins a nationwide television contest with his essay, *I Love America*. Almost too late,

Moral Disarmament

Ethan comes to recognize the falsity of his early rationalization that the only criminals are the ones who get caught.

Unfortunately, Steinbeck appears to be more concerned here with adorning his tale than with pointing his moral. The style he has adopted is pure filigree, far too lacy in-texture to support the stern theme of moral corruption. Ethan's predicament may be typical of our dollar-hungry civilization but Ethan himself is strictly a creature of fancy.

A homespun anarchist, he works out his philosophy by addressing the canned goods on his employer's shelves — "Listen, Oh ye canned pears and ye bottles of picalilli". His conversation generally is a curious blend of Biblical reference and Pogo-strip lyricism.

His sharp practices are so muffled by verbosity and good intentions that his moral idiocy remains a matter of doubt, even at the end, and the reader is left to wonder whether he is the product of a corrupt society or merely the victim of his own garrulity.

Winter Of Our Discontent, by John Steinbeck—Macmillan—\$4.95.

Nothing to Hide

IN HIS RECENT autobiography, Harpo Marx describes his first meeting with George Bernard Shaw. It took place at Galanon, the villa that Alexander Woollcott had rented on the South Coast of France. Shaw had been invited for luncheon and arrived to find his host unaccountably absent.

There was only Harpo who had scrambled up from the rocks wearing nothing but a bathtowel. "Where the devil is Woollcott?" Shaw demanded, "and who the devil are you?"

"I am Harpo Marx," said Harpo. "And I am Bernard Shaw," said Shaw and gaily twitched away the protecting towel.

"From the moment I met him I had nothing to hide from Shaw," he recalls.

As a writer of autobiography he has nothing to hide from anyone. Everything in these memoirs is tumbled out helter-skelter—the good times and the bad, the family jokes, also good and bad, the fierce penuries and wild extravagances, the disasters and glories that went with being a member of the Marx family and a son of the fabulous Minnie.

The Marxes occasionally went hungry, but they never lacked entertainment, which they created for and by themselves. In addition, they always had prospects, thanks to Minnie, who swiftly promoted them to small-time vaudeville as the Four Nightingales. With all her energy, however, Minnie seems to have underestimated the awful vitality of her brood.

She would have preferred "class" in vaudeville, and a stage decorated with hundreds of red paper carnations. The boys quickly developed a tendency to tear settings to pieces, and improvise script and props as they went along. Out of this perpetual Hallowe'en, they eventually created *Coconuts*, *Animal Crackers* and the crazed productions that delighted the Twenties and Thirties and can still enchant old Marx admirers on the late late show.

Show-business is probably the only remaining field in which an Horatio Alger can flourish, and the Marx boys flourished. *Harpo Speaks* describes his personal translation into the great world, under the patronage of Alexander Woollcott. "I think he liked me because I never tried to hide anything I should have been ashamed of under the conventional rules," he recalls.

While he was impressed by Woollcott and the famous Algonquin Round Table group, he was never abashed by them. He played his new role as a member of the intelligentsia as he had

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learned to play his harp, strictly by ear.

The tempo of *Harpo Speaks* slows down, inevitably, once the hero has achieved success and stability. His chapter on his courtship and marriage might have been written for any woman's magazine, and his account of his adopted family of four children would make an admirable contribution to *Parents' Magazine*. The first half of his memoirs, however, is a wonder chronicle of life lived at such an exhilarating level that a Marx—any Marx—could improvise a wild jig to the doleful tune of scraping a living. M.L.R.

Harpo Speaks, by Harpo Marx — Random House—\$5.95.

Flat Follies

AS A TITLE, *The Art of Folly* suggests a handbook of one-downmanship — a possible counterpart to Stephen Potter. However, what it actually conceals is a collection of essays by Paul Tabori, subdivided under the loose general headings of Fad, Fashion and Folly.

In the hands of a skilled essayist the subjects offer great possibilities, but as developed in this book the results are disappointing. The Fad section turns out to be a lengthy and tedious list of believe-it-or-nots sandwiched incongruously and irrelevantly together.

Fashion is an inconclusive and pedestrian survey designed to demonstrate the importance which people attach to it and Folly is a *pot pourri* of spiritualism and politics, the political portion of which harps on the evils of Communism in a way that has been done often and better by a good many political journalists.

The elegantly humorous essay is a literary form which has almost been exterminated by the shorter, slicker demands of the mass-circulation magazines and by the fact that collections of them only appeal to a sophisticated minority and are, therefore, bad publishing risks. This book doesn't do anything to enhance the chances of a revival. R.T.C.W.

The Art Of Folly, by Paul Tabori—Ambassador—\$5.50.

With Jellied Eels

London E.1, the title of Robert Poole's novel, is a part of London which few visitors penetrate. It is the reverse of those beguiling "Come to Britain" posters and yet it has a rich earthy life of its own which, when it is expertly depicted as in this excellent first novel,

is worth more than a whole regiment of Morris dancers, Beefeaters or many other better publicized tourist attractions.

Jimmy Wilson is a cockney boy determined to rise above the slum in which he was born and brought up. Befriended by Peggy, a woman who lives with some neighboring East Indians, he is shown the possibilities which education and the ability to speak the King's English may open to him.

However, Jimmy is constantly hampered by the total lack of understanding shown by his family, the jibes of his schoolmates and his hopeless love for Peggy's self-centred, half-caste daughter, who comes to symbolize the better life always just out of reach. It is a moving story of a harsh world where intelligence and ambition may be only doubtful assets.

In essence this is a series of short stories tautly told and expertly welded together. Its effect is strongly reminiscent of Norman Collins' *London Belongs to Me*, fought out at a lower level. But its most memorable feature is the vivid picture of the East End of London, the rows of dilapidated slum houses, the gaslight, the smell of boiled cabbage, the ritual gaiety of the pubs, the violence of the young and the fierce pride and acceptance of the seemingly inevitable by the old. R.T.C.W.

London E.1, by Robert Poole — British Book Service — \$4.25.

Network Confusion

THE HEARTLESS light which Gerald Green takes as his theme in his latest novel is the many faceted glare of mass-communications.

This is the long and intricate story of a California kidnapping case in which both police and parents are bedevilled by the rivalries of press, radio and television. In his attempt to cover this whole complex area the author examines not only the mechanics but the personnel of each medium in turn, and long before the solution is reached the reader has been compelled to stumble into so many party-lines of communication that his interest is pretty well exhausted.

Green has a remarkable eye and ear for the sights and sounds of America and he reproduces them so inexorably that his story is all but lost in a clamor of sound and a welter of detail. M.L.R.

The Heartless Light, by Gerald Green — S. J. Reginald Saunders—\$4.95.

Newfoundland Fight Splits Labor Ranks

by Frank Drea

THE NEWFOUNDLAND LOGGER is an enigmatic figure whose widely publicized plight and struggle against a turn-of-the-century existence pricked the conscience of Canadian labor and roused its members to a fighting fever pitch only 30 months ago.

Today, that same woods worker threatens to tear asunder the fragile unity of the Canadian Labor Congress, a body which enthusiastically raised more than \$800,000 to finance the bloody woods uprising of 1958-59.

The status of the Newfoundland woodworkers — and which union will claim the 15,000 of them as its prize — haunts the executive suites of the CLC and casts the spectre of another schism over the 1,100,000-member body.

For, despite the strike that brought violent death to a member of the Newfoundland constabulary along a snow-packed road and brought the island to the brink of civil war, the status of the logger is where it was five years ago — when the powerful Brotherhood of Carpenters and Joiners and the militant International Woodworkers of America began their struggle for the minds and union cards of the Newfoundland logger.

But this time there is no turning back for the loser since the 4,200 men who work for Anglo-Newfoundland Development Co. in the interior of the island are the key to survival of a loggers' union as a dominant force in the labor movement of eastern Canada.

And the fight may well also decide

the future of the New Party, the political movement born of the marriage of the CCF and labor whose early fortunes and successes rest upon solid labor backing in British Columbia and Ontario, the two areas where labor unions are already semi-publicly choosing up sides in the latest Newfoundland crisis.

The basic issue is whether the IWA has first claim to winning back its former supporters forced, under penalty of losing their jobs in the woods, to join the state-sponsored union conceived by Premier Joseph Smallwood as the instrument that would push the striking IWA off the island for all time.

The IWA claims suzerainty over the 15,000 loggers despite the Carpenters' insistence that the men, whose state union has failed them and is disintegrating, are free to join the union that can do the most to improve their lot.

But the basic issue has become murky because of the host of conflicting personalities, political beliefs, half-truths and prejudices that permeate the Newfoundland question.

However, the threats are only too clear, for the IWA has made it plain that it will pull its 40,000 Canadian members out of the CLC unless the central labor body orders the Carpenters to keep their hands off the Newfoundland loggers.

The threat assumes disaster proportions because 35,000 of the IWA's Canadian members are in BC and constitute the largest single bloc in the

west coast labor movement. They are also the number one political force there.

The Newfoundland struggle pits the IWA against the Carpenters, with almost 1,000,000 members in the U.S. and Canada and whose 70,000 Canadian members make it the second largest union in the country.

The present conflict, part of the bitter in-fighting between the unions that has swirled off-and-on for the last five years in Newfoundland, came into the open just as the IWA was a few score cards short of being able to file an application for bargaining rights for the 4,200 AND Company woods workers.

The application was to climax the drive by IWA leader H. Landon Ladd to regain the position he held before the dark days of 1959.

The IWA brought the feud into the open as it cried treachery and skulduggery and the Carpenters bluntly announced that they were on the island to stay and had sent each AND logger a questionnaire to see if he wanted to join the union.

Ladd protested that Premier Smallwood, who once boasted that he "would stop at nothing" to destroy the IWA, had given the green light to the Carpenters taking over the derelict state union as part of his determination to prevent the IWA from regaining bargaining rights.

The Carpenters, led by Canadian director Andrew V. Cooper, a phlegmatic craft unionist, denied any deal to absorb the state union intact and insisted that the vast finances of the union were needed to help the loggers. By implication, the Carpenters suggested that the IWA had neither the money nor manpower in eastern Canada to try to regain a foothold in Newfoundland.

Caught in the middle are the CLC and Claude Jodoin, who has constantly blanced on the precarious tightrope of compromise during his three terms as president of the unified Canadian labor movement.

Two years ago, Donald MacDonald, CLC secretary-treasurer and an IWA member, enunciated a Newfoundland policy before an IWA eastern region

Newfoundland woodworkers are the prize two unions are fighting for





Smallwood: Balked efforts of IWA.

convention in Toronto. The policy was the CLC warning that it would not tolerate unions fraternizing with or attempting to merge with the NBWW, in the view of the labor chieftains a "scab outfit" and a state union that had broken a legal strike.

Now Jodoin is confronted with the Carpenters' demand that they be allowed to bring the Newfoundland loggers under the wing of its woods division, the Lumber and Sawmill Workers, because the IWA failed in its campaign to serve the wood workers 30 months ago. Back of this is the power of the Carpenters, whose members form the cornerstone of the building trades unions.

On the other side is the IWA ultimatum that the CLC order the Carpenters to keep their hands off the AND Company loggers or lose the IWA and its 40,000 members.

To the layman, it may seem paradoxical that two established unions would fight for the right to unionize a worker whose standards are a half-century behind in a province where many thousands of people fear that a wage increase may bring a quick closing of the pulp and paper mills, the anchor of prosperity for many on the island.

But the prize is worth the fight, even on an island where hundreds of loggers measure prosperity by the number of unemployment insurance stamps pasted in their books, which signifies some kind of cash coming in when there is no more work for them.

The Canadian forest industry is dominated by the IWA on the west coast and by the Lumber and Sawmill Workers wing of the Carpenters in northern Ontario. Quebec is a hodge-podge of French language unions; a smattering of the IWA and Lumber and Sawmill; no unions and a mass of farmers who cut wood from their own land during the winter months and whose prices are under a form of Government protection.

New Brunswick has a growing pulp and paper industry but its wood workers are transported to work each day by truck. This means that unionizing of the cutters will be a long, difficult task because the traditional method of spreading the union books in the logging industry has been in the bunkhouse meeting.

This leaves only Newfoundland and its two companies, AND and Bowater's. But Bowater's is a difficult target because it does not employ loggers, preferring to use 240 contractors (two-thirds of them small employers) to supply the bulk of its pulp wood.

Thus AND has the largest concentration of loggers who live in bunkhouses while working, a convenient place to discuss the advantages of trade unionism. A successful campaign to win more money and better working and living conditions for the AND loggers would automatically propel the Bowater's contractors into the union camp since the Smallwood Government could not permit east coast loggers (AND) to have conditions vastly superior to west coast wood workers (Bowater's).

The next step for the winner would be the jump to New Brunswick where the publicity surrounding a breakthrough in Newfoundland could well inspire a whirlwind campaign of unionizing.

But this is the future. To understand the real problems and issues in the Newfoundland struggle, it is necessary to understand the past.

Caught in the same squeeze of absolute management as the North American industrial worker was in 1900, the Newfoundland logger pinned his hopes and ambitions to the IWA campaign that swirled across the island in 1957 and 1958 when Ladd and his organizers sounded the great rally cry of "ham and eggs for breakfast" in every town and hamlet on the island.

Before the first IWA campaign, the Newfoundland logger lived and worked in a world where the foreman was supreme, where the foreman dictated according to his own judgment the price a man received for cutting wood and where there were two men eagerly waiting the chance to snatch the job of a man who protested against the system.

In the pre-IWA days, the bunkhouse and logging camp food was at best drab and monotonous and at its worst sometimes spoiled, or even nibbled by rats. The quality of the food explains why ham and eggs for breakfast became a fighting issue in the strike.

Mechanization came slowly to the Newfoundland woods operations, partly because of the abundance of cheap labor and partly because of the sparse timber stands and the lack of good

roads. But mechanization was also a curse for it ended the province's share-the-wealth system where hundreds of men who could obtain some kind of a job in the summer supplemented their income by working in the woods a few weeks each winter.

The logger was socially unacceptable even to the AND company, with almost a half century of paternalism to its credit. The mill workers in Grand Falls had strong international unions, a high rate of pay (equal to the mainland mills) and a doting company that donated to the company town a hospital, library and the finest indoor ice rink east of Montreal.

But the logger did not live in Grand Falls, where the trim houses are freshly painted and the streets well paved and free of litter. He lived in countless fishing villages (outposts) or in drab crossroads or railway towns. Grand Falls symbolized his ambitions, and served as a constant reminder of the promises that the IWA had made.

Basic rate of pay before the great strike was \$1.05 an hour for a 60-hour week and the bunkhouses were dingy, poorly heated and inadequately ventilated. It was a primitive existence compared to the living and working conditions of northern Ontario's 12,000 bushworkers who supply the major inland pulp and paper companies.

Smallwood's big fear in the strike was that the IWA, pictured by him as a militant, class conscious union determined to organize an elite of professional loggers, and these 3,000-4,000 men would do all the work in the woods. There would be no work for the 10,000 part-time loggers.

"They would work seven to eight months a year and earn \$7,000-\$8,000 a year and would put half the Newfoundland economy under the control of a militant, class conscious trade union," fumed Mr. Smallwood 28 months ago.

But the strike, although a failure for the IWA and a humiliating defeat for



Loggers: Ham and eggs an issue?

Canadian labor, triggered a revolution in the woods which signalled the end of the old order. There was a blacklist of the hard core IWA men but the AND company extended its paternalism to the logger for the first time.

Grand Falls became a municipality and its residents lost their privileged position. Loggers' children were eligible for scholarships to high schools in Grand Falls, a social jump equal to an immigrant laborer's son attending Upper Canada College.

But the discontent in the woods remained, despite the appointment of camp inspectors by Smallwood. There was discontent at the top, too, and Max Lane, the teacher and magistrate turned legislator, was replaced as the head of the Smallwood union. Sterling Thomas, who bolted to the Smallwood camp when the Premier founded his state union, became the head of the loggers.

The basic cause of the discontent that has forced the Government to abandon its state union is the price a woodcutter gets for his work. He is a pieceworker but his wages depend on the evaluation of the wood he is cutting by a freeman and the system of evaluation is based on opinion and haggling.

The rate for a cord of wood ranges from \$6.46 to \$9.21, depending on whether the wood is good or bad. This does not refer to the quality of the wood itself but to the ease with which a logger may cut it, pile it and the density of the trees in the stand of forest assigned to him.

Good wood is a wooded area where a cutter can easily get cords to the limit of his working capacity. Bad wood is an area where trees are scattered, limby or obstructed by bushy growths and where it is hard to make a good day's pay.

"It is the pricing, by eye, by opinion, by judgment based on cruising or other knowledge which is to our mind objectionable," noted the Dunfield Royal Commission.

The Commission noted that there were 599 AND men who grossed between \$7.99 and \$10.99 a day during the three-month cutting season. Their net earnings were from \$5 to \$8 a day after deductions for board and the cost of operating chain saws.

Another 469 men were the elite, earning between \$14.62 and \$20.62 a day after all expenses. "These are well paid men, many have cars," noted the Commission report.

The bulk of the men earned between \$11 and \$14.99 (751 cutters) and \$15 to \$18.99 a day (650). "The lower of them are not doing too well," said the Commission.

But the final straw was the 21 cents

a cord increase that was to be paid during the 1960-62 contract with the state union, but the commission pointed out that every cutter was not to receive a raise.

"It merely says that companies will pay out such an amount for cutting in the current agreement year as to bring their total expenditure for cutting to an average of \$7.43 a cord instead of \$7.22 last year," said the Commission.

"The trouble (with the raise) is that it cannot be traced home to any individual cutter. It just goes into the great pool of money stirred by the woods managers as they lay out their allowances for cutting in 50 different camps and four divisions (AND Company) or to 62 contractors in several divisions (Bowater's). It is as if you



Jodoin: Caught in the middle.

poured a bucket of water into a large pool. The water would rise very little but the fish would not notice it. It is as if a little more sugar were stirred into a very large pudding. It is there and the pudding is sweeter but not so that any individual eater will notice a change in taste," reported the Commission.

In plainer words used by the IWA and its supporters, the loggers just don't know what price they are getting for their labor.

The AND company had begun a program of camp improvements just before the 1958-59 strike and speeded up the building of modern bunkhouses and introduced portable camps that can be moved when the wood is exhausted at any one site.

But there was little control over the contractors camps of Bowater's and the commission found two of them where men lived in primitive conditions in hovels unfit for chickens.

"Dirt is everywhere, rats are common, dilapidation is the rule," reported the Commission which blamed not only the contractors but the system and the men for the dark and squalid hovels.

This is in contrast to the pledges that both mainland unions bring to the men.

In northern Ontario, the piecework rate is \$7.94 a cord for 50-inch spruce and balsam and \$7.03 for 100-inch; \$7.03 for 50-inch jackpine and \$6.19 for 100-inch jackpine. After a man cuts 75 cords, he receives a bonus of 82 cents a cord. He also receives extra pay if he walks more than 1½ miles to work.

There is six per cent of pay in vacation monies for men who work 52 weeks, four per cent for those working a lesser period and at least two per cent for everyone.

But the real difference is in the camp life where men eat dinner in white shirts and slippers while their wet clothing and boots dry in special rooms above the bunkhouses. There are no bunks, for beds must be single tier and spaced at least two feet apart. The companies must provide two clean sheets a week and a pillow case for each man and a clean mattress cover once a month. There is even a company-paid coffee break (including cakes) on company time.

All this is foreign to the woods workers of Newfoundland who would gasp at a Lumber and Sawmill Workers agreement at Abitibi Power and Paper Co. Ltd. that specifies that there will be no substitute for butter at meals.

The IWA and the BC forest industry are now introducing a health and welfare program into the west coast woods operations, also highly mechanized where highly skilled professional loggers make good wages.

But the Newfoundland fight is more than a clash of two unions over which one can do the most for the loggers. The Carpenters have a constitutional ban on politics being discussed at union meetings, a position diametrically opposite to that of the IWA, which has always felt that its members would be in the front lines of any political fight.

It is also a clash between the two systems of American trade unionism, the craft, devoted to workers of a particular skill, and the industrial, which organizes men on an industry-wide basis regardless of skill or lack of it.

This is where the danger of schism threatens the CLC, since the industrial unions are sympathizing with the IWA and the craft unions with the Carpenters.

But most of all the fight is between Landon Ladd, who led the IWA strike and has fought desperately to keep a hard core of IWA sentiment flourishing on the island, and Cooper, who has always felt that the Carpenters were the proper union to bring the Newfoundland loggers into the 20th century.

The loggers are now making up their minds in the bunkhouses, cross-roads towns and outports of the island.

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Gold & Dross

Consumers Gas

How about Consumers Gas? Will it go up? Or will it go down?—F. R., Victoria.

If the recent trend to inflated equity prices continues, one could expect Consumers to be well in the forefront. And in the event of a general downward revision in common-stock levels, Consumers might show some preferential resistance. But if the market generally receded, it is hardly likely that Consumers would advance.

This questioner might well devote his time to a study of what makes Consumers a blue chip equity. Earnings have enjoyed a healthy heft each year since 1955, and could, for the year ended Sept. 30, 1961, show a nice increase over 1959-60 when they were \$5.1 million. This is the equivalent of 66 cents a share, and a figure of 75-80 cents a share is possible for the current year.

With weather in its franchise area about 3 per cent colder than last year, it is expected that by the time results from all precincts are in, the company will have attained its objective of 50-53 billion cubic feet of natural gas sold in the fiscal year versus 37.5 billion the previous 12 months. There probably won't be a great deal of gas sold in September prior to the end of the fiscal year.

Consumers continues to expand into various sections of Ontario, and recently announced subscription rights to new stock on the basis of one/six at \$14 a share. The prospect of subscription rights, which can be exercised to give the holder more stock below the market or sold and the proceeds treated as a tax-free dividend, is one of the things which has animated buyers of Consumers and other growth equities.

Zenmac

Is there any chance of the Zenmac zinc property in Northwestern Ontario achieving production status?—R. B., Niagara Falls.

An independent engineer reported that the Zenmac zinc property near Schreiber indicated that a profit could be won with zinc at a price of 14 cents

a pound. The recent price of prime western zinc in Canada has been 12 cents a pound or less. While predictions as to the course of commodity prices are always hazardous, one can respect the opinion of metal-marketing men that zinc, along with lead, is going to find it difficult to increase in value in the foreseeable future.

The lead-zinc industry missed the boat on promoting uses of the metals and, while it has latterly shown signs of stirring itself, other metals and materials have made inroads into traditional markets. And new uses being reported are more interesting as curiosities than for their implications of large-scale consumption.

The Zenmac property is, however, not unlikely to see production in the more remote future since North America is biting into its reserves of metals of all kinds, and the resultant general scarcity should make all metals more valuable.

Zenmac is employing the waiting period in seeking other mining properties, and has made investments in oil and gas.

Industrial Acceptance

I have been looking at a stock called Industrial Acceptance Corporation with a view to investing in the same but before committing myself would like your run-down on it.—Y. B., Ottawa.

Industrial Acceptance has been selling at a high price: earnings ratio, and yielding only about 3%, reflecting the increasing scarcity of good common stocks. This is an interesting situation, the company showing as much growth tendency as any Canadian credit-investment outfit.

Its profitability is tied to the future activity of retail capital goods, to small loans and general insurance. Additionally, it is getting into marine, farm-implement, pre-fabricated-home and pre-engineered building-fields paper. Past growth rate has been impressive, and while some slowing down is anticipated, expansion is expected to be satisfactory.

The common stock has considerable leverage as a result of the proportions of debt money the company has issued: \$72.6 million sinking-fund debentures



THE ROYAL BANK OF CANADA

Dividend No. 296

Notice is hereby given that a dividend at the rate of **fifty-five cents (55¢) per share** upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Friday, the 1st day of September, 1961, to shareholders of record at the close of business on the 31st day of July, 1961.

By order of the Board.

C. B. NEAPOLE,
General Manager.

Montreal, Que.,
July 11, 1961.

LOBLAW GROCETERIAS CO. LIMITED

Notice is hereby given that a dividend for quarter ending August 31, 1961, has been declared on the Capital stock of the Company as follows:

| | |
|--|---------------------|
| First Preference Shares, Cumulative Redeemable, Series "A" | 37½ cents per share |
| Second Preference Shares | 59 cents per share |
| Common Shares | 59 cents per share |

The dividend will be payable September 1, 1961, to shareholders of record at close of business on the 9th day of August, 1961. The transfer books will not be closed. Payment will be made in Canadian Funds.

By Order of the Board.

R. G. MEECH,
Secretary.

Toronto, July 4, 1961.

LOBLAW COMPANIES LIMITED

Notice is hereby given that a dividend for quarter ending August 31, 1961, has been declared on the Capital stock of the Company as follows:

| | |
|--|---------------------|
| Preferred Shares | 60 cents per share |
| Cumulative Redeemable Class "A" Shares | 12½ cents per share |
| Class "B" Shares | 12½ cents per share |

The dividend will be payable September 1, 1961, to shareholders of record at close of business on the 9th day of August, 1961. The transfer books will not be closed. Payment will be made in Canadian Funds.

By Order of the Board.

R. G. MEECH,
Secretary.

Toronto, July 4, 1961.

and \$136.8 million secured term notes. There are also outstanding three issues of preferred stock and 2.8 million shares of common, 1960 earnings on the latter being just under \$4 a share.

While not predicting a rise in the issue, commitments at recent prices should ultimately show a profit providing the investor has the finances and fortitude to ignore intermediate fluctuations.

Aluminium Ltd.

May I call on your valued columns for some indication of the outlook for the aluminum industry and more specifically for shares of Aluminium Limited?

—D. N., Montreal.

The question facing the aluminum industry is whether it will be able to increase its sales as rapidly as its productive facilities. Superimposed on an existing one million tons of idle capacity are plans for another million tons of facilities to be installed during the next five years. The proportions of the marketing task facing aluminum are evident in consumption during 1960 of 3.5 million tons. Traditionally the industry has doubled its market each decade.

It is, however, quite possible that aluminum is facing an era of price competition although in this event Aluminium Limited seems better placed to stand the impact than some of its competitors. Over the shorter term, the earnings outlook has bright aspects. Overseas sales may dip this year but sales in the U.S. and Canada could increase, which would be contrary to last year's trend.

Officials think the outlook for this year favors an improvement in sales and profits over results for the first quarter when 24 cents a share net earnings was racked up. The equity has usually sold at a price incorporating a generous measure of expectation for the future, and there appears to be no reason to anticipate a reverse trend.

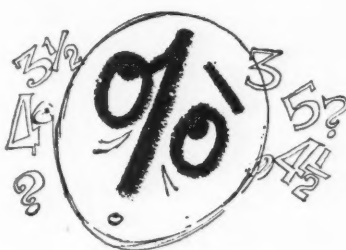
Aluminium Ltd. is expanding its facilities outside Canada.

Great Lakes Paper

Is Great Lakes Paper the type of issue no investor's portfolio should be without?—E. A., Kingston.

Great Lakes Paper is a soundly based situation in an industry which is not lacking in growth prospects. Surging world demand for newsprint in an era featured by the expansion of communications is expected to require an additional 15 million tons of capacity in the next 15 years, or more than twice

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NORANDA MINES, LIMITED

DIVIDEND NOTICE

NOTICE is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable September 15, 1961 to shareholders of record August 18, 1961.

By Order of the Board.

C. H. WINDELER,
Secretary.

Toronto, Ontario
July 10th, 1961

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Gold & Dross

Consumers Gas

How about Consumers Gas? Will it go up? Or will it go down?—F. R., Victoria.

If the recent trend to inflated equity prices continues, one could expect Consumers to be well in the forefront. And in the event of a general downward revision in common-stock levels, Consumers might show some preferential resistance. But if the market generally receded, it is hardly likely that Consumers would advance.

This questioner might well devote his time to a study of what makes Consumers a blue chip equity. Earnings have enjoyed a healthy heft each year since 1955, and could, for the year ended Sept. 30, 1961, show a nice increase over 1959-60 when they were \$5.1 million. This is the equivalent of 66 cents a share, and a figure of 75-80 cents a share is possible for the current year.

With weather in its franchise area about 3 per cent colder than last year, it is expected that by the time results from all precincts are in, the company will have attained its objective of 50-53 billion cubic feet of natural gas sold in the fiscal year versus 37.5 billion the previous 12 months. There probably won't be a great deal of gas sold in September prior to the end of the fiscal year.

Consumers continues to expand into various sections of Ontario, and recently announced subscription rights to new stock on the basis of one/six at \$14 a share. The prospect of subscription rights, which can be exercised to give the holder more stock below the market or sold and the proceeds treated as a tax-free dividend, is one of the things which has animated buyers of Consumers and other growth equities.

Zenmac

Is there any chance of the Zenmac zinc property in Northwestern Ontario achieving production status?—R. B., Niagara Falls.

An independent engineer reported that the Zenmac zinc property near Schreiber indicated that a profit could be won with zinc at a price of 14 cents

a pound. The recent price of prime western zinc in Canada has been 12 cents a pound or less. While predictions as to the course of commodity prices are always hazardous, one can respect the opinion of metal-marketing men that zinc, along with lead, is going to find it difficult to increase in value in the foreseeable future.

The lead-zinc industry missed the boat on promoting uses of the metals and, while it has latterly shown signs of stirring itself, other metals and materials have made inroads into traditional markets. And new uses being reported are more interesting as curiosities than for their implications of large-scale consumption.

The Zenmac property is, however, not unlikely to see production in the more remote future since North America is biting into its reserves of metals of all kinds, and the resultant general scarcity should make all metals more valuable.

Zenmac is employing the waiting period in seeking other mining properties, and has made investments in oil and gas.

Industrial Acceptance

I have been looking at a stock called Industrial Acceptance Corporation with a view to investing in the same but before committing myself would like your run-down on it.—Y. B., Ottawa.

Industrial Acceptance has been selling at a high price: earnings ratio, and yielding only about 3%, reflecting the increasing scarcity of good common stocks. This is an interesting situation, the company showing as much growth tendency as any Canadian credit-installment outfit.

Its profitability is tied to the future activity of retail capital goods, to small loans and general insurance. Additionally, it is getting into marine, farm-implement, pre-fabricated-home and pre-engineered building-fields paper. Past growth rate has been impressive, and while some slowing down is anticipated, expansion is expected to be satisfactory.

The common stock has considerable leverage as a result of the proportions of debt money the company has issued: \$72.6 million sinking-fund debentures



THE ROYAL BANK OF CANADA

Dividend No. 296

Notice is hereby given that a dividend at the rate of **fifty-five cents (55¢) per share** upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Friday, the 1st day of September, 1961, to shareholders of record at the close of business on the 31st day of July, 1961.

By order of the Board.

C. B. NEAPOLE,
General Manager.

Montreal, Que.,
July 11, 1961.

LOBLAW GROCETERIAS CO. LIMITED

Notice is hereby given that a dividend for quarter ending August 31, 1961, has been declared on the Capital stock of the Company as follows:

| | |
|--|---------------------|
| First Preference Shares, Cumulative Redeemable, Series "A" | 37½ cents per share |
| Second Preference Shares | 59 cents per share |
| Common Shares | 59 cents per share |

The dividend will be payable September 1, 1961, to shareholders of record at close of business on the 9th day of August, 1961. The transfer books will not be closed. Payment will be made in Canadian Funds.

By Order of the Board.

R. G. MEECH,
Secretary.

Toronto, July 4, 1961.

LOBLAW COMPANIES LIMITED

Notice is hereby given that a dividend for quarter ending August 31, 1961, has been declared on the Capital stock of the Company as follows:

| | |
|--|---------------------|
| Preferred Shares | 60 cents per share |
| Cumulative Redeemable Class "A" Shares | 12½ cents per share |
| Class "B" Shares | 12½ cents per share |

The dividend will be payable September 1, 1961, to shareholders of record at close of business on the 9th day of August, 1961. The transfer books will not be closed. Payment will be made in Canadian Funds.

By Order of the Board.

R. G. MEECH,
Secretary.

Toronto, July 4, 1961.

and \$136.8 million secured term notes. There are also outstanding three issues of preferred stock and 2.8 million shares of common, 1960 earnings on the latter being just under \$4 a share.

While not predicting a rise in the issue, commitments at recent prices should ultimately show a profit providing the investor has the finances and fortitude to ignore intermediate fluctuations.

Aluminium Ltd.

May I call on your valued columns for some indication of the outlook for the aluminum industry and more specifically for shares of Aluminium Limited?

—D. N., Montreal.

The question facing the aluminum industry is whether it will be able to increase its sales as rapidly as its productive facilities. Superimposed on an existing one million tons of idle capacity are plans for another million tons of facilities to be installed during the next five years. The proportions of the marketing task facing aluminum are evident in consumption during 1960 of 3.5 million tons. Traditionally the industry has doubled its market each decade.

It is, however, quite possible that aluminum is facing an era of price competition although in this event Aluminium Limited seems better placed to stand the impact than some of its competitors. Over the shorter term, the earnings outlook has bright aspects. Overseas sales may dip this year but sales in the U.S. and Canada could increase, which would be contrary to last year's trend.

Officials think the outlook for this year favors an improvement in sales and profits over results for the first quarter when 24 cents a share net earnings was racked up. The equity has usually sold at a price incorporating a generous measure of expectation for the future, and there appears to be no reason to anticipate a reverse trend.

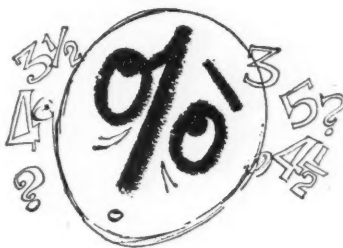
Aluminium Ltd. is expanding its facilities outside Canada.

Great Lakes Paper

Is Great Lakes Paper the type of issue no investor's portfolio should be without?—E. A., Kingston.

Great Lakes Paper is a soundly based situation in an industry which is not lacking in growth prospects. Surging world demand for newsprint in an era featured by the expansion of communications is expected to require an additional 15 million tons of capacity in the next 15 years, or more than twice

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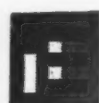
DIVIDEND NOTICE

NOTICE is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable September 15, 1961 to shareholders of record August 18, 1961.

By Order of the Board.

C. H. WINDELER,
Secretary.

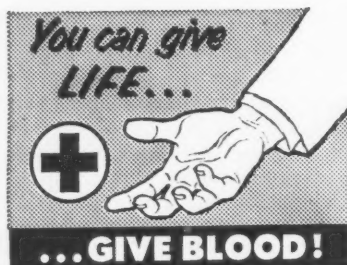
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the rate of increase in the past quarter century.

GLP is well-positioned to capitalize this prospect, being exceptionally situated in relation to the midwest United States.

The company rang up a profit of \$2.7 million, or \$2.15 a share on the old common in 1960, under a 7% increase in sales to a record \$38.4 million. There was, however, a decline in first quarter 1961 net to \$440,507 from \$466,152 in the like half-semester of the previous year notwithstanding a slight increase in sales, \$8.75 million versus \$8.70 million. The company shipped 2.5% more newsprint versus a 2.8% decline in Canadian newsprint shipments to the U.S. and a 2.6% drop in consumption in the U.S. Officials look to the average mill rate this year to improve on 1960's 75% of rated capacity. Industry estimate for 1961 is 88% to 90%.

The common stock was paying \$1.60 a share per year but has increased to the equivalent of \$1.80 as a result of a three/one split and the establishment of a 15-cent quarterly rate on the new stock.

While GLP now has some excess capacity, it has been announced that future expansion will be financed chiefly by borrowing and this would increase the leverage of the common stock. A \$3.2 million improvement project was commenced last fall, completion slated for 1962, but does not involve financing.

The issue does not appear to be overpriced in relation to assets and prospects, although we hesitate to discuss it, or any other issue, as being a complete answer to the investor's problem. Long-term growth prospects are favorable and over the shorter term the yield should afford some measure of value protection.

Uranium Outlook

Can you offer any encouragement to holders of uranium shares? Your appraisal of this industry over the past several years has turned out to be remarkably realistic. But if the worm has turned or is likely to do so in the near future, some of us would like to know about it.—B. D., Winnipeg.

There appears to be a lean period ahead for the uranium industry although several units in it are well-positioned to play a waiting game. Most of the producers are strong financially, and will have discharged their funded debts by the time the contracts they are now working on expire. This will leave them with good cash reserves, and their mines and mills

paid for. It will take some of them about five years to complete their current orders.

Brightening the outlook is the prospect of additional early orders on a substantial scale from the UK.

It may take some time for uranium to win a place for itself for commercial uses since industrial developments are usually several years in the making. Failure to realize this was reflected in a great surge of enthusiasm for uranium stocks a few years ago. There is, however, less and less unharnessed energy of other kinds each year, and this increases the motivation for research people to come up with the answers on economic applications of uranium.

Telephone Switch

Would you recommend a switch from Bell Telephone to BC Telephone, which has about the same statistical picture as Bell but sells for a little less?—T. R., Halifax.

It is not deprecating BC Telephone to point out that Bell enjoys a slightly higher rating on the market. Additionally, the commissions on the switch would absorb considerable of the price differential, to say nothing of the bother of placing a buying order and a selling order, picking up the Bell out of your trust-company biscuit tin and taking delivery of the BC stock.

At the same time, you could consider the possibility of putting any further funds into BC Telephone, thereby placing yourself in a position to profit by the expansion of British Columbia. This will probably be at a rate which will surprise even the most optimistic. Seldom has an area been so plentifully endowed with a combination of raw materials and favorable geography.

In Brief

How do you rate Campbell Chibougamau?—R. F., Winnipeg.

Possibilities are interesting.

Anything new at Buffalo Red Lake?—P. N., Calgary.

No.

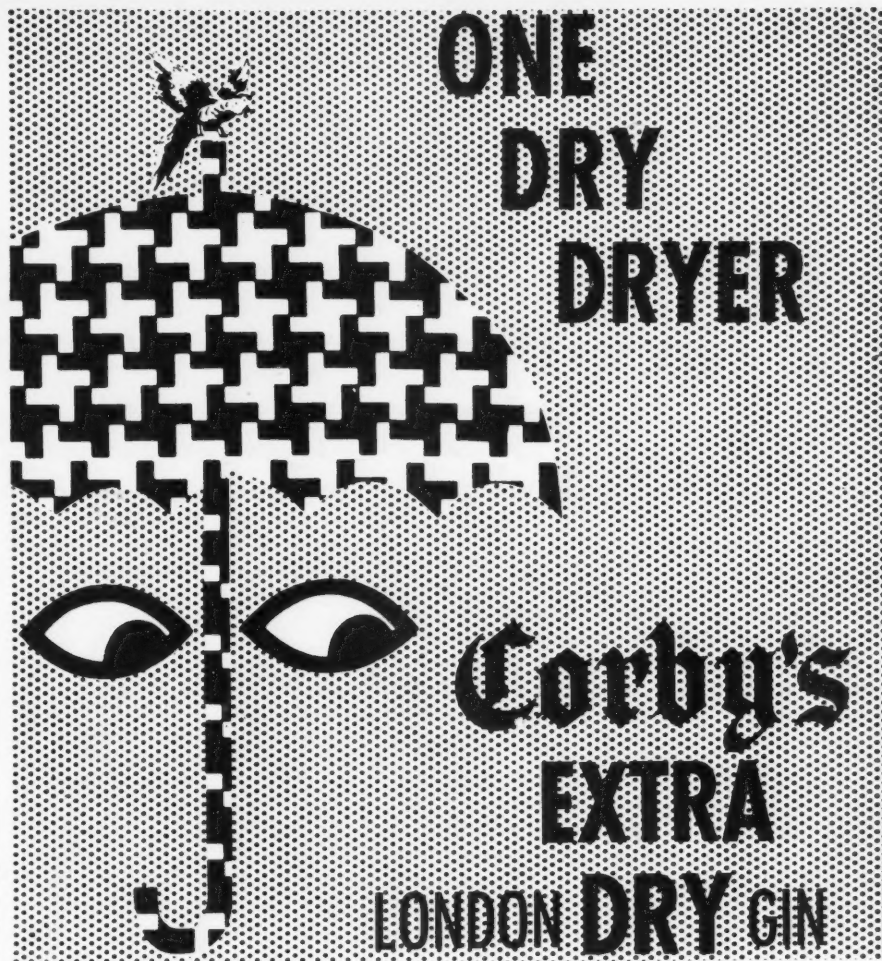
What's going on at New Bidlamaque?—D. M., London.

Optioned a prospect in Little Long Lac area.

What's the status of Nickel Mining & Smelting?—S. D., Toronto.

Has indicated small deposit of nickel-copper at Gordon Lake.

AUGUST 5th 1961



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Point of View

An Open Letter to Lawrence E. Laybourne

(Managing Director, Time International of Canada)

Dear Mr. Laybourne:

I ALMOST WISH you hadn't put that message for me in the 30 June 1961 issue of your magazine. (You probably know me best as 99181J91C05 96 29. I've been one of your faithful subscribers for some years now.) I can understand your wanting to tell me a few things about the recent Report of the Royal Commission on Publications — but, and it hurts me a little to have to tell you this, your message doesn't quite come off.

Did you write that message yourself? Alfred Kazin, the eminent American critic, recently described *Time* as a "truculently smug organ": you didn't seem at all truculent or smug when I saw you on that CBC television program not long after the O'Leary Report was published, and as your message was rather heavy with those qualities I must assume that the boys in New York did it for you.

But you put your signature to the message. Did Mr. Luce order you to sign it? It must have embarrassed you to have to endorse that outrageously bogus parallel between the *Time* operation in Canada and the "skill, know-how, and technology" brought into Canada by the Ford Motor Company, Phillips Electric, and Dunlop Rubber. It isn't the same sort of thing at all — and shame on you for putting your signature to a false analogy which any student in first-year logic would detect with just one eye open.

In your final paragraph you say to me, "we hope you will say what you think". Well, Mr. Laybourne, brace yourself for this one: I think that the "Canada Edition" of *Time* is one of the most insidious agencies of anti-Americanism in Canada today. I'm sorry to have to say that—but there it is.

I am usually mildly anti-American for about six hours each week—and it always strikes me immediately after I have read *Time*. A number of my

friends have the same ailment. And I know a man who says he reads your magazine each week just to keep his anti-Americanism at a gentle simmer.

Newsweek (please excuse my bad manners in mentioning it in a letter to you) never bothers me in that way, even when it is at its shrillest on "the American Way". And on visits to the U.S.A. I have never been bothered by the eagle-preening in the regular edition of *Time*. But I am upset a little when I get that sort of thing in a magazine marked "Canada Edition", and full of Canadian advertising, and with a first section devoted to Canadian affairs.

And must you use American terminology in the Canada section when the Canadian terminology differs from it? Recently you told us about an RCAF Base: the USAF has a *Base*, the RCAF a *Station*. And in the Canadian Army they don't call them *non coms* and *enlisted men*: they call them *NCOs* and *other ranks*. I don't wish to make mountains out of these molehills—but let me warn you that the cumulative effect of a molehill or two a week for several years is quite unpleasant.

But what I have particularly resented is your occasional attempt to influence Canadian politics and attitudes which do not accord with what Mr. Luce thinks should be American policies and attitudes. For example, some time ago in your "Canada" section you got wise-old-uncle-ish, and in a nasty and pompous way, with the *Toronto Globe and Mail* over its editorial advocacy of Canada's recognition of Communist China.

Probably the boys who essayed that little hatchet-job got pats on their backs from Mr. Luce himself — but I wonder if they and Mr. Luce realize that

that job did more to increase anti-American sentiments in Canada than it did to increase anti-recognition-of-China sentiments. For a couple of weeks after reading that story I had the most intense attack of anti-Americanism I've had in many, many years—and I assure you that I am generally quite immune to the more virulent forms of that affliction.

Do you remember that another American critic, Jacques Barzun, once said that *Time* was "misinformation trimmed with insults"? That, of course, isn't a completely fair assessment — but dig out what you did on the *Globe and Mail* over the China question, and then think about Barzun's comment.

Do you understand what I'm trying to tell you, Mr. Laybourne? Can you see what I have in mind when I say that the "Canada Edition" of *Time* is a significant agency of anti-Americanism in Canada?

Your magazine, operating the way it is at present, quite effectively nurtures anti-Americanism in Canada. Your whole operation seems to assume that Canadians are simply semi-Americans, slightly underprivileged and living in a cold climate, who are kept from following what is manifestly their destiny only by a bit of quaint, archaic sentimentality.

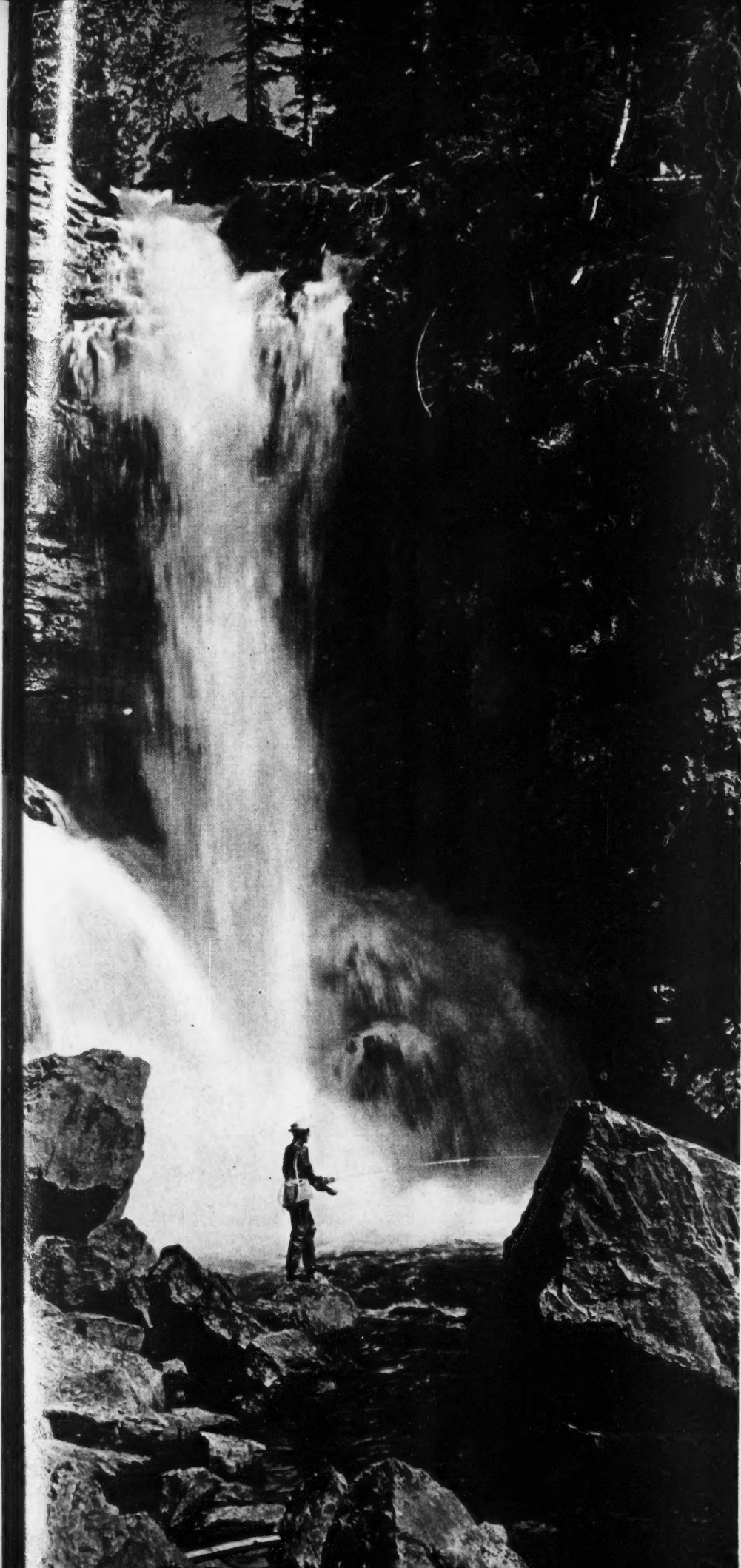
In closing I give you a couple of interesting little quotations to ponder. The first is from a letter written by President William McKinley in 1898: "The mission of the United States is one of benevolent assimilation." The second is from the writings of an eminent Canadian social scientist, the late H. A. Innis: "We (Canadians) can only survive by taking persistent action at all strategic points against American imperialism in all its attractive guises."

Yours sincerely,

J. A. DAVIDSON

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